President
of the Treasury Board

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du Conseil du Trésor

Crown Corporations and Other Corporate Interests of Canada

1991-92 Annual Report to Parliament

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For information about matters in this report, contact the
Policy and Corporate Information Division
Crown Corporations Directorate
Department of Finance and Treasury Board of Canada
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario
K1A 0G5
Telephone (613) 957-0160

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THE PRESIDENT'S MESSAGE

I am pleased to present the ninth ***Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada***.

Reporting to Parliament on the affairs of Canada's Crown corporations is an essential part of the accountability framework established under Part X of the *Financial Administration Act* (FAA). This *Annual Report to Parliament* is the principal means by which the government provides information to Canadians on the federal corporate portfolio. It presents information on the mandate, performance and finances of all Crown corporations. Information is also provided on wholly-owned subsidiaries and the other corporate interests of Canada, such as entities owned jointly with another level of government or the private sector, and international organizations. Pursuant to Section 152(1) of the FAA, my annual report on the tablings in Parliament of Crown corporation annual reports and summaries of corporate plans and budgets is included as Part III of this report.

Crown corporations play an important role in strengthening the social, cultural and economic fabric of our nation. Sound fiscal management is at the heart of this government's economic strategy and Crown corporations have actively responded to this challenge. I am pleased to report that Crown corporations continued to make significant progress in 1991-92 with productivity gains, expenditure reductions, increased returns to the shareholder, rationalization of operations and privatization. Several of these initiatives are highlighted below.

Progress Since 1984-85

The government's commitment to sound economic management is reflected in its management of the Crown corporation portfolio since 1984-85. Employment in Crown corporations has declined steadily under this government's mandate, from approximately 207,000 in 1984-85 to just over 121,000 in 1991-92. The net decline of 86,000 is attributable to two key elements of the government's economic agenda: privatization, which accounts for 60 per cent of this decline, and operational efficiencies, which account for 40 per cent.

Since the May 1985 federal Budget, the government has completed 37 initiatives to dissolve or transfer Crown corporations, corporate holdings and other interests to the private sector and other levels of government (this total consists of 23 privatizations and 14 wind-ups). A further 14 corporate dissolution and privatization initiatives are currently under way or under study. Some of the more significant corporate divestitures included Air Canada, Petro-Canada, Teleglobe Canada, de Havilland Aircraft of Canada Ltd., Canadair Ltd., Fisheries Products International Canada Ltd., and Canada Development Corporation. The proceeds from divestitures have totalled over $4 billion.

As a group, major Crown corporations reduced their dependency on government funding and, as a result, payments to these corporations were lower in 1991-92 than in 1984-85. As well, the indebtedness of Crown corporations to the Government of Canada has decreased by $1.9 billion, or 12 per cent, over the last six years.

The government's commitment to make available relevant and timely information on Crown corporation performance has resulted in a significant improvement in the timing of tablings of documents in Parliament. Through coordinated efforts, Crown corporations and their responsible ministers ensured that the annual reports and corporate plan and budget summaries of the individual corporations were generally tabled in Parliament within the deadlines prescribed by the FAA.

1991-92 Highlights

Returns to Shareholder

- Dividends and other contributions to Canada by Crown corporations in 1991-92 totalled $224 million, an increase of seven per cent over 1990-91;
- The government tabled legislation on April 30, 1992, to amend the *Canada Post Corporation Act* to permit the creation of a share capital structure at Canada Post and to allow for the introduction of an employee share savings plan.

Privatization

The government completed several important privatization initiatives:

- Nordion International Inc., an international supplier of nuclear-based industrial and medical products and a subsidiary of the Canada Development Investment Corporation, was sold for $165 million;
- the government's aggregate 53 per cent share in Telesat Canada, a satellite telecommunications carrier, was also sold, for $154.8 million;
- the first phase of the sale of the government's indirectly-held shares in Co-enerco Resources Ltd., announced in the February 1992 Budget, was completed in October 1992 when the Cooperative Energy Corporation sold 8.5 million Co-enerco shares and forwarded $45.5 million to the government for its share of the net proceeds;
- six million Cameco Corporation special warrants, convertible into common shares of this uranium mining company, were sold for $83.9 million in February 1992;
- the privatization of Theratronics International Limited, a subsidiary of the Canada Development Investment Corporation, is under way;
- in keeping with the February 1991 Budget announcement, CN Exploration, a small oil and gas exploration company, was put up for sale. As none of the bids received were acceptable, the process was terminated in May 1992. It remains a candidate for future privatization;
- the February 1992 Budget announced the government's intention to examine the feasibility of privatizing the Cape Breton Development Corporation and the Royal Canadian Mint; and
- as part of the government's fiscal management plan, the net proceeds from the privatization of Crown corporations will be applied to deficit reduction through the Debt Servicing and Reduction Account.

Restraint

- Crown corporation employment stood at just over 121,000 in 1991-92. This decline of about 15,000 from the previous year reflects the privatization of Petro-Canada and operational efficiencies throughout the portfolio;
- As employers, Crown corporations exercised wage restraint during 1991-92 in keeping with government policy. Moreover, the salaries of Crown corporation chairpersons and chief executive officers were frozen in 1991-92 and no performance pay was accorded for this period.

Rationalization

- The February 1992 Budget announced measures aimed at further streamlining government and better serving the needs of Canadians. With this aim in mind, a number of Crown corporation functions are to be reorganized. These include the following:
  - the wind-up of the Canadian Institute for International Peace and Security, the International Centre for Ocean Development and Canadian National (West Indies) Steamships Ltd.;
  - the consolidation of the functions carried out by Enterprise Cape Breton Corporation and the Canadian Commercial Corporation with other government agencies;
  - the merging of the Canada Council with the Social Sciences and Humanities Research Council in a new organization, with additional responsibility for international cultural programs and academic relations to be transferred from the Department of External Affairs; and
  - the rescheduling of the International Development Research Centre to a departmental corporation (Schedule II of the FAA).
- Subsequent to the February 1992 Budget announcement, Bill C-63, *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, was introduced in the House of Commons on March 10, 1992. Among other things, this bill provides for the dissolution of the Canadian Institute for International Peace and Security and the

International Centre for Ocean Development;

- Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in Consequence Thereof* received royal assent on November 26, 1991. The legislation provides for the wind-up of four Crown corporations (Canadian Livestock Feed Board, Canadian Patents and Development Limited, Harbourfront Corporation, and Mingan Associates, Ltd.); and the change of status or dissolution of two Crown corporations (Canada Harbour Place Corporation and Canada Museums Construction Corporation Inc.). Subsequently, the Canadian Livestock Feed Board and Mingan Associates, Ltd. were dissolved;

- Canadian National (West Indies) Steamships Ltd. was dissolved following receipt by the government of monies owed to the corporation;

- Two wholly-owned subsidiary corporations which reported as parent corporations were dissolved: Canada Lands Company (Mirabel) Limited (a wholly-owned subsidiary of Canada Lands Company Limited) on January 8, 1992, and Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada Limited) on April 1, 1992.

Further details on these and other developments are presented in this report in Part I, Section 1, **Overview of the Crown Corporation Portfolio.**

An Enduring Commitment to Canadians

Despite challenging economic conditions, more limited resources and increasing demands, Crown corporations continue their commitment to provide Canadians with the best services possible in a cost-effective manner. Through the commitment of their directors, managers and employees, Crown corporations will continue to respond to the needs and wishes of Canadians, and to make a significant contribution to Canada's economic, social and cultural well-being in the years ahead.

Gilles Loiselle

Ottawa, Ontario
November, 1992

PREFACE

The President of the Treasury Board's Annual Report to Parliament

The President of the Treasury Board's Annual Report to Parliament summarizes the businesses and activities of all parent Crown corporations and the other corporate interests of the Government of Canada. It includes listings of the Crown corporations and of the corporations of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation. In addition to individual audited financial statements for the parent Crown corporations, aggregated employment and financial data, including borrowings of parent Crown corporations, and other information are provided. The Report is divided into five parts:

Part I presents an overview of the parent Crown corporation portfolio and consolidated financial and employment data on all parent Crown corporations. It also lists the corporate holdings of parent Crown corporations.

Part II presents a corporate abstract for each parent Crown corporation and for the wholly-owned subsidiaries that were directed to report as parent corporations.

Part III reports on the tablings in Parliament by Ministers of annual reports and corporate plan and budget summaries for each parent Crown corporation.

Part IV contains the audited financial statements for each of the parent Crown corporations.

Part V lists all other corporate interests of Canada other than Crown corporations, and provides supplementary information about them.

The report was previously known as *Volume III of the Public Accounts of Canada*. It is being tabled this year as a separate Annual Report to Parliament, and will continue to be referred to the Standing Committee on Public Accounts for review.

Statement of Responsibility

This **Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada** is prepared under the direction of the President of the Treasury Board by the Crown Corporations Directorate of the Department of Finance and Treasury Board Secretariat. It responds to requirements of the *Financial Administration Act* (FAA) (Sections 151(1) and 152(1)) that the following documents be tabled in Parliament no later than December 31 of each year:

- a consolidated report on the businesses and activities of parent Crown corporations, including information on all Crown corporations and other corporate interests of Canada; and
- a report indicating when annual reports and corporate plans and budget summaries were to be laid before each House (for the twelve-month period ending on July 31, 1992), and when they were actually laid before that House.

CROWN CORPORATIONS AND OTHER CORPORATE INTERESTS OF CANADA
1991-1992 Annual Report to Parliament

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BUSINESSES AND ACTIVITIES
OF PARENT CROWN CORPORATIONS

Part I — Businesses and Activities of Parent Crown Corporations

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Introduction

Part I of this Annual Report presents a compilation of general and financial information concerning the businesses and activities of the 55 parent Crown corporations and the two subsidiaries required to report as parent Crown corporations as of their financial year-ends on or before July 31, 1992. This part of the report covers:

- the 47 parent Crown corporations listed in Schedule III of the FAA, that is, 33 in Part I and 14 in Part II;
- eight parent Crown corporations which, by s. 85(1) of the FAA, are exempt from the provisions of Divisions I to IV of Part X of the FAA;
- two subsidiaries of listed corporations which, by Orders pursuant to s. 86(2) of the FAA, report their affairs as if they were parent Crown corporations: Old Port of Montreal Corporation Inc. and Petro-Canada International Assistance Corporation (PCIAC).

It consists of three sections:

1. Overview of the Crown Corporation Portfolio

The **Overview of the Crown Corporation Portfolio** begins with an identification of the industries within which the corporations operate. This is followed by discussions of the major events and trends affecting Crown corporations since the last reporting period and over the last five years, including an overview assessment of performance. Selected corporate highlights of major activities occurring during the past year in individual Crown corporations are presented. The section concludes with a brief summary of certain government policies that affect Crown corporations.

2. Summary Financial Information and Employment Data

This section presents three summary financial tables:

- Table 1 presents financial and employment data for each parent Crown corporation as at the corporation's year-end.
- Table 2 provides data on the net income (loss), cash flow and financing activities for each parent Crown corporation's fiscal year.
- Table 3 compares the financial position of parent Crown corporations with the total recorded investment of government as at March 31, 1992, the federal government's fiscal year-end. The table segregates Canada's investments into loans and advances, and investment in these corporations.

The tables are followed by notes and related terminology. The Bank of Canada is excluded from the summary tables because of the unique nature of its operations.

3. Listings of Crown Corporations and Their Corporate Holdings

As required by section 151(3)(a) of the FAA, this report includes a list naming, as of a specified date, all Crown corporations and all corporations of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation. The lists are presented as:

- The Statistical Summary of Crown Corporations and Their Corporate Holdings — shows the number of parent Crown corporations, subsidiaries and associates on a comparative basis with those of the previous year.
- The Listing of Parent Crown Corporations and Their Corporate Holdings — shows each parent Crown corporation's corporate holdings.
- The Changes to the Listing During the Year — identifies for each parent Crown corporation any changes that have occurred in its holdings since last year's Annual Report. These changes have been incorporated into the above — Listing of Parent Crown Corporations and Their Corporate Holdings.

1. OVERVIEW OF THE CROWN CORPORATION PORTFOLIO

This report covers the Crown corporations' fiscal year ending on or before July 31, 1992. As of that date, the Crown corporation portfolio consisted of 55 parent Crown corporations and two wholly-owned subsidiary corporations -- the Old Port of Montreal Corporation Inc. and Petro-Canada International Assistance Corporation -- which have been directed to report as parent corporations. While two parent Crown corporations -- the Canadian Livestock Feed Board and Mingan Associates, Ltd. -- were dissolved or de-scheduled as at July 31, 1992, they are included in this report as a last reference.

1.1 SECTORAL OVERVIEW

Chart A, Portfolio of Parent Crown Corporations Grouped by Sector, presents the parent Crown corporation portfolio in relation to seven sectors of the Canadian economy: transport, distribution and communications; energy and resources; agriculture and fisheries; development and construction; government services; culture; and financial intermediaries. In aggregate, Crown corporations' total assets of $77.8 billion in 1991-92 were concentrated in the government services and financial intermediaries sectors, which together accounted for 69 per cent of the total. Excluding the Bank of Canada, total assets amounted to $50.7 billion.

Total employment stood at 121,148 for the 1991-92 reporting period, and was concentrated in the transport, distribution and communications sector which accounted for 76 per cent of the total. Two corporations in this sector, Canadian National Railway Company and Canada Post Corporation, accounted for 68 per cent of all Crown corporation employment during this period.

1.2 PORTFOLIO CHANGES

The 12 months ending July 31, 1992 saw significant changes in the composition of the parent Crown corporation portfolio as the result of privatization, dissolution and consolidation initiatives.

a) **Privatizations**

The government undertook the following privatization initiatives:

- in November 1991, the sale of **Nordion International Inc.** to MDS Health Group Limited for $165 million was completed through the Canada Development Investment Corporation;
- six million **Cameco Corporation** special warrants, each exchangeable for a government-held Cameco Corporation common share, were sold in February 1992, for $83.9 million;
- pursuant to Bill C-38, the *Telesat Canada Reorganization and Divestiture Act* (which received royal assent on December 17, 1991), the government's 53 per cent interest (including the Canadian National Railway Company's 3.7 per cent share) in the satellite communications company, **Telesat Canada**, was sold to Alouette Telecommunications Inc. for $154.8 million in April 1992;
- **CN Exploration** was put up for sale. However, as none of the bids received were acceptable, the process was terminated in May 1992. The company remains a candidate for future privatization;
- following the announcement in the February 1992 Budget, the government began the sale of its indirectly-held shares in **Co-enerco Resources Ltd.**, an oil and gas exploration and development company. This was concluded in October 1992 when the Cooperative Energy Corporation, which the government owns jointly with cooperative organizations, sold 8.5 million Co-enerco shares; and
- the February 1992 Budget announced the government's intention to study the feasibility of privatizing the **Cape Breton Development Corporation** and the **Royal Canadian Mint**.

Chart A

PORTFOLIO OF PARENT CROWN CORPORATIONS GROUPED BY SECTOR

(At the corporate year-ends, on or before July 31, 1992 or immediately preceding dissolution)

Transport, Distribution and Communications

Assets: $12.5 b *Employment: 92,079*

- Canada Ports Corporation
- Local port corporations (seven) [1]
- Canada Post Corporation
- Canadian National Railway Company
- Marine Atlantic Inc.
- Pilotage Authorities (four) [1]
- The St. Lawrence Seaway Authority
- VIA Rail Canada Inc.

Energy and Resources

Assets: $2.2 b *Employment: 7,080*

- Atomic Energy of Canada Limited
- Cape Breton Development Corporation
- Petro-Canada Limited

Agriculture and Fisheries

Assets: $7.9 b *Employment: 553*

- Canadian Dairy Commission
- Canadian Livestock Feed Board [2]
- Canadian Saltfish Corporation
- The Canadian Wheat Board
- Freshwater Fish Marketing Corporation

Development and Construction

Assets: $0.5 b *Employment: 1,093*

- Canada Harbour Place Corporation [3]
- Canada Lands Company Limited
- Canada Museums Construction Corporation Inc. [3]
- Defence Construction (1951) Limited
- Harbourfront Corporation [3]
- National Capital Commission

Government Services

Assets: $28.2 b *Employment: 3,032*

- Bank of Canada
- Canada Development Investment Corporation
- Canadian Commercial Corporation [4]
- Canadian Patents and Development Limited [3]
- Royal Canadian Mint
- Standards Council of Canada

Cultural Sector Corporations

Assets: $1.4 b *Employment: 11,426*

- Canada Council [5]
- Canadian Broadcasting Corporation
- Canadian Film Development Corporation
- Canadian Museum of Civilization
- Canadian Museum of Nature
- National Arts Centre Corporation
- National Gallery of Canada
- National Museum of Science & Technology

Financial Intermediaries

Assets: $25.1 b *Employment: 5,370*

- Canada Deposit Insurance Corporation
- Canada Mortgage and Housing Corporation
- Enterprise Cape Breton Corporation [6]
- Export Development Corporation
- Farm Credit Corporation
- Federal Business Development Bank

Inactive

Assets: negl. *Employment: Nil*

- CN (West Indies) Steamships, Ltd. [7]
- Mingan Associates, Ltd. [8]
- Teleglobe Canada

Other

Assets: $0.02 b *Employment: 515*

- Canadian Institute for International Peace and Security [9]
- International Centre for Ocean Development [9]
- International Development Research Centre [10]

Notes to Chart A
Portfolio of Parent Crown Corporations Grouped by Sector

1. The local port corporations are located in: Halifax, Montreal, Prince Rupert, Quebec, Saint John, St. John's and Vancouver. The Pilotage Authorities are the Atlantic, Great Lakes, Laurentian and Pacific Authorities.
2. The Canadian Livestock Feed Board was dissolved in November 1991, as provided for under the ***Crown Corporations Dissolution or Transfer Authorization Act*** (Bill C-8). It appears on this chart only to reflect its last few months of operations.
3. The ***Crown Corporations Dissolution or Transfer Authorization Act*** (Bill C-8) provides for a change in status for this corporation.
4. The 1992 federal Budget announced that the Canadian Commercial Corporation's functions are to be absorbed by the Department of Supply and Services.
5. The 1992 federal Budget announced that the Canada Council would be merged with the Social Sciences and Humanities Research Council and that it would be responsible for international cultural and academic relations programs on behalf of the Department of External Affairs.
6. The 1992 federal Budget announced that Enterprise Cape Breton Corporation's functions are to be folded into the Atlantic Canada Opportunities Agency.
7. The Canadian National (West Indies) Steamships, Ltd., was dissolved on June 17, 1992 under the *Canada Business Corporations Act*, subsequent to its most recent fiscal year-end. It was de-scheduled as a Crown corporation on November 1, 1992 as provided for under the ***Crown Corporations Dissolution Authorization Act.***
8. Mingan Associates, Ltd. was de-scheduled as a Crown corporation on April 30, 1992, as provided for under the ***Crown Corporations Dissolution or Transfer Authorization Act*** (Bill C-8).
9. Bill C-63, ***An Act to Dissolve or Terminate Certain Corporations and Other Bodies***, provides for the dissolution of the Canadian Institute for International Peace and Security and the International Centre for Ocean Development.
10. The 1992 federal Budget announced that the International Development Research Centre would be re-scheduled as a departmental corporation.

Abbreviations:

b = billions of dollars
negl.= negligible

b) **Dissolutions**

The following dissolution initiatives were pursued:

- as provided for under Bill C-8, the *Crown Corporations Dissolution or Transfer Authorization Act*, (which received Royal Assent on November 26, 1991), the **Canadian Livestock Feed Board** and **Mingan Associates, Ltd.** were dissolved;
- **Canadian National (West Indies) Steamships Ltd.** was dissolved following receipt by the government of monies owed to the corporation;
- **Canada Lands Company (Mirabel) Limited**, formerly a subsidiary of Canada Lands Company Limited, reporting as a parent corporation, was dissolved on January 8, 1992;
- pursuant to the 1991 Budget announcement, **Petro-Canada International Assistance Corporation**, also a subsidiary reporting as a parent corporation, was dissolved on April 1, 1992;
- work continued to wind-up **Canadian Patents and Development Limited** and **Harbourfront Corporation** as provided for under Bill C-8; and
- subsequent to the February 1992 Budget announcement, Bill C-63, *An Act to Dissolve Certain Corporations and Other Bodies*, was introduced in the House of Commons on March 10, 1992. The Act provides for the dissolution of the **Canadian Institute for International Peace and Security** and the **International Centre for Ocean Development**.

c) **Consolidations**

The following consolidation initiatives were pursued:

- the ownership of **Canada Harbour Place Corporation** and the **Canada Museums Construction Corporation** is being transferred to other government entities; and
- the February 1992 Budget announced that:
  - **Enterprise Cape Breton Corporation** is to be dissolved and folded into the Atlantic Canada Opportunities Agency;
  - the **Canadian Commercial Corporation**'s functions are to be assumed by the Department of Supply and Services;
  - the **Canada Council** is to be merged with the Social Sciences and Humanities Research Council and become responsible for international cultural and academic relations programs on behalf of the Department of External Affairs; and
  - the **International Development Research Centre** is to become a departmental corporation.

1.3 CROWN CORPORATION PERFORMANCE

This section presents an overview of the performance of the Crown corporation portfolio in relation to last year and the last five years.

Employment and Assets

As seen in **Chart B, Employment**, full-time Crown corporation employment has declined by approximately 15,000 since 1990-91. This is chiefly the result of the privatization of Petro-Canada in 1991 and operational efficiencies in other Crown corporations. Full-time employment in Crown corporations has decreased by 32 per cent over the last five years, going from 179,000 in 1987-88 to 121,000 in 1991-92. Two key elements -- the privatization or dissolution of corporations no longer required for public policy objectives, and enhanced operational efficiencies in Crown corporations -- explain this decline in employment. Privatization initiatives account for about 64 per cent of the net decline in Crown corporation employment over the last five years, while overall efficiency gains accounted for 36 per cent of this decline.

As a result of these rationalizations and divestitures, total assets employed by Crown corporations (excluding the Bank of Canada) have declined by $6.1 billion (or 11 per cent) over the last five years.

Profits and Cash Flow

Fourteen parent Crown corporations are listed in Part II of Schedule III of the *Financial Administration Act* (FAA) as corporations operating in commercial and competitive environments. These 14 commercial corporations incurred losses of about $500 million in 1991-92 compared to profits of $50 million in 1990-91. The deterioration in 1991-92 is largely attributable to: the Canada Development Investment Corporation's provision for loss related to investment in Cameco ($86 million); the Canada Ports Corporation's loss upon acquiring Ridley Terminals Inc. ($256 million); and Canada Post Corporation's loss associated with a labour disruption and a weak economy ($128 million). The cash flow of these 14 corporations deteriorated by $226 million during the same period. This was chiefly accounted for by Canada Post Corporation ($173 million) and the Canadian National Railway Company ($37 million).

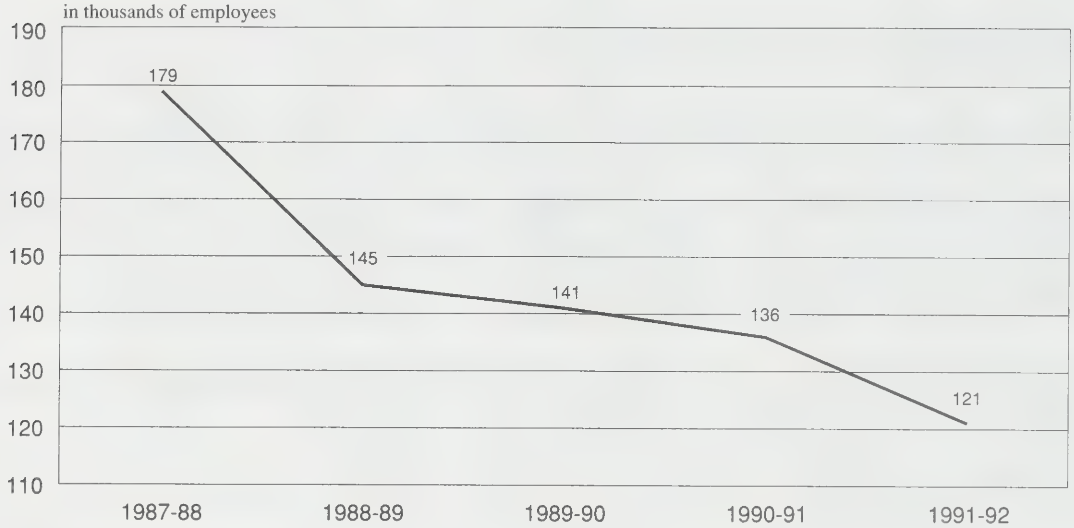
Dividends

Dividends and other contributions made to Canada by Crown corporations in their 1991-92 fiscal year, which were mainly attributable to prior years' operations, totalled $224 million, an increase of seven per cent over the previous year. Of the 14 commercial (or Schedule III-II) Crown corporations which normally generate profits, nine paid dividends or made other contributions to Canada in 1991-92 compared to 12 corporations that did so in 1990-91. The major dividend payments or other contributions to Canada by the Crown corporation portfolio in 1991-92 originated from: Atomic Energy of Canada Limited ($153 million); Canada Ports Corporation and the local ports corporations ($26 million); Canada Post Corporation ($6 million); Royal Canadian Mint ($6 million) and Canada Development Investment Corporation ($8 million). Subsequent to their 1991 year-ends, the Canadian National Railway Company remitted $77 million to the government and the Mortgage Insurance Fund, administered by the Canada Mortgage and Housing Corporation, remitted $55 million.

Budgetary Payments from Canada

Thirty-six parent Crown corporations received appropriations from Canada to cover program costs or capital expenditures in 1991-92. As a whole, payments to these corporations increased by 16 per cent in 1991-92 to $5.7 billion from $4.9 billion in 1990-91, as depicted in **Chart C, Budgetary Appropriations.** This is largely attributable to the deficits incurred by the Canadian Wheat Board as the result of a lower-than-expected export price of wheat and barley.

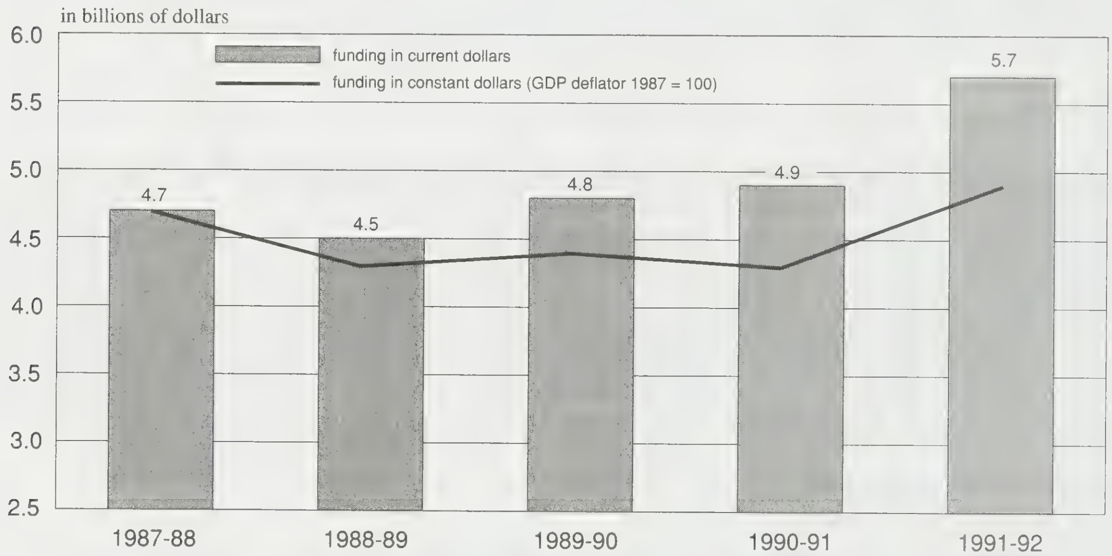
Chart B : **EMPLOYMENT***
1987-88 to 1991-92



* Includes Bank of Canada

Source: Annual reports of Crown corporations and other sources.

Chart C : **BUDGETARY APPROPRIATIONS**
1987-88 to 1991-92



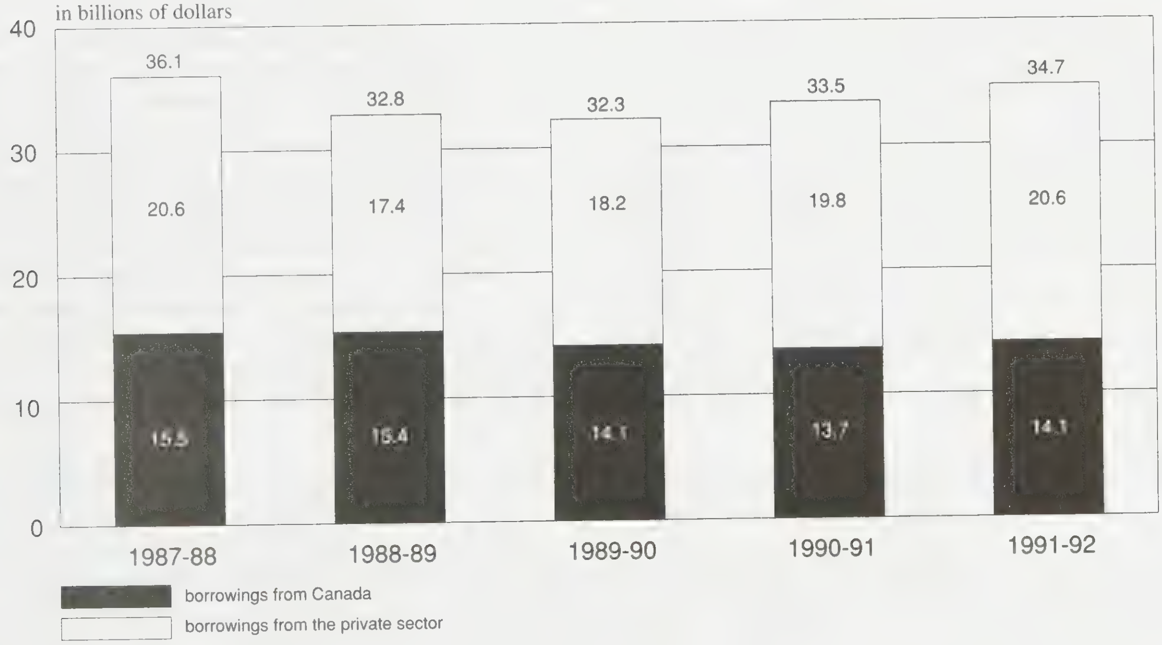
Source: Audited financial statements of Crown corporations, found in Part IV of this report.

The two most significant appropriation-dependent corporations are Canada Mortgage and Housing Corporation and the Canadian Broadcasting Corporation: their respective requirements of $1.98 billion and $1 billion in 1991-92, accounted for 53 per cent of the government's total budgetary appropriations to Crown corporations in this period. As seen in Chart C, budgetary funding over the last five years (in 1987 constant dollars) has increased by four per cent. However, if payments made to the Canadian Wheat Board in 1991-92 due to deficiencies are excluded, budgetary payments from Canada to Crown corporations actually decreased by 11 per cent (in 1987 constant dollars) since 1987-88.

Borrowings

As seen in **Chart D, Total Borrowings by Crown Corporations**, total borrowings outstanding by Crown corporations went from $33.5 billion to $34.7 billion from 1990-91 to 1991-92. The increase chiefly results from an increase in short-term borrowings by the Canadian Wheat Board totalling $2.3 billion, which is partially offset by Petro-Canada Limited loan repayments of $1.1 billion. Chart D illustrates that over the last five years, however, total borrowings outstanding by Crown corporations have decreased by four per cent from the level of $36.1 billion in 1987-88. Borrowings from Canada continued their downward trend, from $15.5 billion in 1987-88 to $14.1 billion in 1991-92 (a nine per cent decline), while borrowings from the private sector remained more or less stable at $20.6 billion over the same period.

Chart D : **TOTAL BORROWINGS BY CROWN CORPORATIONS***
1987-88 to 1991-92



* Excluding Bank of Canada

Source: Audited financial statements of Crown corporations, found in Part IV of this report.

Government of Canada's Investment

Canada's financial interest in Crown corporations as at March 31, 1992, was $18.8 billion (before an allowance for valuation). Over the last five years, loans, investments and advances by the government to Crown corporations have decreased by $5.1 billion, or 21 per cent. This decline is mainly due to Crown corporation privatizations and rationalizations. Further details on Canada's financial interest in Crown corporations may be found in Volume I of the *Public Accounts of Canada*, Section 6, and in Table 3 of this report, Comparison of Financial Position with Recorded Investment of Government, included in this part.

1.4 SELECTED CORPORATE HIGHLIGHTS

Significant developments in the Crown corporation portfolio during 1991-92 include:

Atomic Energy of Canada Limited (AECL) signed a contract in August, 1991 to resume full-scale work on the completion of CANDU reactors at Cernavoda in Romania. This project will provide over $300 million in contract work to AECL and to Canadian private-sector engineering and equipment companies. AECL also signed a contract with the Korea Electric Power Corporation for two 700 megawatt nuclear-powered generating stations (Wolsong 3 and 4), with the Canadian share of the contract valued at $675 million. In 1991-92, AECL remitted $153 million to Canada from the net proceeds of the sale of Nordion International Inc. completed by the Canada Development Investment Corporation (see below).

Canada Council: The February 1992 Budget announced the government's intention to merge the Canada Council with the Social Sciences and Humanities Research Council, and to give the new organization a broader mandate, including responsibility for international cultural and academic relations programs on behalf of the Department of External Affairs.

Canada Development Investment Corporation (CDIC): In keeping with its mandate to manage and divest corporate interests of the Crown, CDIC pursued several important initiatives in 1991-92. Following an initial public offering of Treasury shares of Cameco in July 1991, a second offering of shares in February 1992 reduced the interest of CDIC's wholly-owned subsidiary, Canada Eldor Inc. (CEI), to 19.3 per cent and resulted in proceeds of approximately $84 million being applied against CEI's corporate debt. The intention is to sell the remaining shares to the public by 1995. In November 1991, Nordion International Inc. was sold to MDS Health Group Limited for $165 million. During the year, CDIC also completed the sale of Telesat Canada to Alouette Telecommunications Inc. for $154.8 million (in April 1992), and sold 450,000 common shares of Varity Corporation for proceeds of $5.96 million. Negotiations for the sale of Theratronics International Limited will be pursued following resolution of safety issues with the U.S. Food and Drug Administration.

Canada Mortgage and Housing Corporation (CMHC): In 1991, CMHC assisted a record 186,800 households through *National Housing Act* (NHA) mortgage loan insurance. The Mortgage Insurance Fund administered by CMHC operated on a self-sustaining basis. With a year-end surplus of $149 million, the Fund remitted $55 million to the government on March 31, 1992. In February 1992, the government announced that CMHC would make federally-insured mortgages available to first-time home buyers with a five per cent down payment.

Canada Ports Corporation (CPC) and the seven local port corporations reported record revenues of $200 million from their 1991 operations -- an 11 per cent increase over 1990. This increase partly reflects the inclusion of revenues from Ridley Terminals Inc. (RTI), a coal terminal facility on Ridley Island in Prince Rupert, British Columbia. On July 30, 1991, RTI became a wholly-owned subsidiary of CPC in accordance with an earlier shareholder agreement to acquire the remaining 50 per cent shares in the corporation. Higher traffic levels and increases in volume of grain and coal handled in the Ports Canada system also contributed to higher revenues. During the year, the Ports Canada system invested $95 million in capital improvements. Traffic volumes were up most noticeably at the ports of Vancouver, Quebec

and Saint John, while container traffic was up at the ports of Vancouver and Montreal. In the 1990 federal Budget, the government requested that the Ports Canada system contribute about $100 million towards federal deficit reduction, and this contribution was paid in 1990-91 and 1991-92. Despite increases in revenues, the Ports Canada system incurred a net loss of $213 million, however, reflecting a one-time extraordinary loss of $256 million on the acquisition of RTI.

Canada Post Corporation: On April 30, 1992, the Government of Canada tabled legislation to amend the *Canada Post Corporation Act* to provide for the establishment of a share capital structure and permit the issue of shares to employees. Through an employee shares savings plan, non-voting shares, up to a limit of 10 per cent of the issued and outstanding shares of the corporation, could be issued to staff. Despite growth in revenues of close to $100 million to $3.8 billion, Canada Post recorded a loss of $128 million in 1991-92, largely the result of a major labour disruption and poor economic conditions. Canada Post signed an agreement with four European postal administrations to enter into an international joint venture with Australia-based TNT Ltd., a major global transportation company. The new venture, GD Express Worldwide, will allow the corporation to provide express parcel and time-certain courier products to most countries in the world.

Canadian Broadcasting Corporation: The corporation implemented a restructuring and expenditure reduction plan in order to meet a projected $108 million shortfall in fiscal year 1991-92. Measures included restructuring regional television services, ceasing local production in three television stations and downsizing eight others, operating the parliamentary channels and Radio Canada International on a cost-recovery basis, and reducing the work force by approximately 1,100 positions.

Canadian National Railway Company: The economic downturn, lower export trade by many railway customers, and continuing competition from the trucking industry and U.S. railways resulted in a net loss of $14.3 million for the corporation in 1991, down from a net income of $7.7 million a year earlier. During 1991-92, the company paid $77 million in dividends (related in part to earlier years) to the government.

The ***Canadian Wheat Board*** (CWB): Three of the CWB's four pool accounts -- wheat, amber durum wheat and barley -- incurred deficits totalling $744 million, which were recovered from the Government of Canada. A record world crop year of 598 million tonnes in 1990, and heavy subsidies paid by exporting countries for near-record exports, resulted in wheat prices sinking (in real terms) to their lowest level in the history of the Board.

The ***Cape Breton Development Corporation:*** The corporation achieved significant operational improvements in 1991-92. Coal production increased 24 per cent over the previous year to 4.2 million tonnes while employment declined by 10 per cent to 2,577. The February 1992 Budget announced the government's intention to study the feasibility of privatizing the corporation.

The ***Export Development Corporation*** (EDC): 1991 business volume rose to $6.9 billion from $6.4 billion in 1990. Of this, loan signings were $1.7 billion and export insurance volume was $5.2 billion. Net income rose to $32.7 million due largely to reduced interest costs, and the Government of Canada's participation in international agreements to provide debt relief to Poland and Egypt. Through these agreements, both countries were able to resume servicing their respective debt obligations to EDC.

The ***Farm Credit Corporation*** (FCC) continued to improve its overall financial position in 1991-92, recording a net income of $21.6 million. Non-accrual loans continued to decline from $485 million as at March 31, 1991 to $445 million as at March 31, 1992. The move of the FCC's head office from Ottawa to Regina was completed in September 1992.

The ***Royal Canadian Mint*** (RCM) generated a net profit of $1.3 million for 1991, notwithstanding adverse business conditions and a labour disruption which resulted in a 51 per cent decline in revenues. The RCM paid a dividend of $6.3 million in respect of its 1990 profits to the government. The February 1992 federal Budget announced that a review would be conducted to determine the feasibility of privatizing the Mint.

VIA Rail Canada Inc.: VIA carried 3.6 million passengers in 1991, up three per cent from 1990. Revenues during the same period increased by five per cent to $150 million, while subsidies from the government decreased by 11 per cent over 1990, to $393 million in 1991.

1.5 GOVERNMENT POLICIES AFFECTING CROWN CORPORATIONS

The Boards of Directors and management of Crown corporations have been entrusted with a high degree of autonomy to manage the affairs of their corporations. This responsibility entails fulfilling the corporate mandate while efficiently managing corporate resources. Consistent with this is the need to remain competitive with private-sector counterparts, while being sensitive to the government's broader public policy objectives. This sensitivity is reflected in the corporations' commitment to wage restraint, official languages and employment equity.

Crown corporations followed the government's wage restraint policy during the 1991-92 reporting period. This included the compensation for corporate chairpersons and chief executive officers, as well as that of employees.

In June 1991, following extensive consultation, a new official languages accountability system for Crown corporations was announced by the Treasury Board Secretariat. Subsequently, 15 Crown corporations submitted draft proposals for three-year agreements which will govern their implementation of the *Official Languages Act* (OLA). At year's end, several of these agreements were in the final stages of negotiation. The Crown Corporations Language of Work Financial Assistance Program, established under section 108 of the OLA, committed $4.4 million in 1991-92 to assist Crown corporations to create and maintain, in prescribed areas of the country, a workplace conducive to the use of either English or French as the language of work. To date, this four-year, 50-50 cost-sharing program established in 1988 has set aside a total of $10.5 million to reimburse expenditures made by twenty-four Crown corporations for this purpose. The President of the Treasury Board annually tables a report to Parliament on the status of official languages programs in all federal institutions, including Crown corporations.

Crown corporations and other federally-regulated employers with 100 or more employees are required under the *Employment Equity Act* to implement employment equity and to report annually on the results to the Minister of Employment and Immigration. Detailed statistical data on employment equity in Crown corporations and other federally-regulated business organizations are published in the *Annual Report to Parliament on Employment Equity*, tabled by the Minister of State for Employment and Immigration.

2. SUMMARY FINANCIAL INFORMATION AND EMPLOYMENT DATA

Financial Information and Employment Data: Description of Tables 1 and 2

Tables 1 and 2, summarize employment and financial data, including aggregate borrowings by corporations, in accordance with the requirement in subsection 151(3)(b) of the *Financial Administration Act* (FAA). The year-ends of the corporations vary (i.e. March, April, July, August and December) and the data for individual corporations are from their most current financial year-end on or before July 31, 1992. The audited financial statements for each Crown corporation, from which most of the data were extracted, are found in Part IV of this report. For those corporations which ceased to be Crown corporations during the 1991-92 reporting period, the data provided are immediately preceding the change in status.

Comparison of Financial Position With Recorded Investment of Government: Description of Table 3

This table compares the financial position of each parent Crown corporation with the total recorded investment of the government in these corporations as at March 31, 1992, the government's year-end. The information is drawn from Volume I of the *Public Accounts of Canada* and is based on the financial statements for each Crown corporation. Since more than one-half of the corporations do not have a March 31 year-end, most of the data have been obtained from unaudited financial statements.

Terminology and notes pertaining to Tables 1, 2 and 3 appear at the back of the tables.

TABLE 1

FINANCIAL POSITION AND EMPLOYMENT OF PARENT CROWN CORPORATIONS
(as of the corporate year-end on or before July 31, 1992; $ million)

Corporations	Corporate Year-end	Total Assets	Current Liabilities	Long-term Liabilities	Shareholder's Equity	Employ-ment[5]
FAA Schedule III-I:						
Atlantic Pilotage Authority	December 31	2.1	1.1	0.6	0.4	74
Atomic Energy of Canada Limited	March 31	855.2	163.1	524.0	168.0	4,503
Canada Deposit Insurance Corporation[6]	December 31	1,329.0	554.1	1,364.9	(590.0)	92
Canada Harbour Place Corporation	March 31	64.0	0.3	nil	63.7	25
Canada Lands Company Limited	March 31	nil	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	March 31	0.5	0.3	nil	0.2	nil
Canada Lands Company (Mirabel) Limited[1]	March 31	nil	nil	nil	nil	nil
Canada Mortgage and Housing Corporation						2,931
Corporate Account	December 31	8,862.2	496.6	8,315.6	50.0	—
Minister's Account	December 31	nil	nil	nil	nil	—
Mortgage Insurance Fund	December 31	1,338.8	8.9	1,180.5	149.4	—
Securities Guarantee Fund	December 31	18.5	1.4	11.6	5.5	—
Loan Insurance Fund	December 31	1.4	nil	nil	1.4	—
Rental Guarantee Fund	December 31	18.3	0.6	nil	17.7	—
Canada Museums Construction Corporation Inc.	March 31	3.1	2.8	nil	0.3	nil
Canadian Commercial Corporation	March 31	677.5	630.0	1.4	46.2	97
Canadian Dairy Commission	July 31	233.6	71.1	162.5	nil	67
Canadian Livestock Feed Board[4]	March 31	2.8	3.0	nil	(0.2)	nil
Canadian Museum of Civilization	March 31	26.0	8.7	3.8	13.4	503
Canadian Museum of Nature	March 31	8.2	5.3	2.5	0.5	244
Canadian National (West Indies) Steamships, Ltd.	December 31	1.6	nil	0.3	1.3	nil
Canadian Patents and Development Limited	March 31	n.a.	n.a.	n.a.	n.a.	nil
Canadian Saltfish Corporation	March 31	5.2	34.0	0.2	(29.0)	14
Cape Breton Development Corporation	March 31	393.9	76.1	55.3	262.6	2,577
Defence Construction (1951) Limited	March 31	2.3	2.4	1.9	(2.0)	233
Enterprise Cape Breton Corporation	March 31	7.4	2.7	nil	4.7	50
Export Development Corporation	December 31	7,167.7	3,095.1	3,237.5	835.1	513
Farm Credit Corporation	March 31	3,688.4	556.5	2,863.8	268.1	727
Federal Business Development Bank	March 31	2,648.6	721.8	1,626.6	300.2	1,057
Freshwater Fish Marketing Corporation	April 30	22.3	17.9	0.5	3.8	42
Great Lakes Pilotage Authority, Ltd.	December 31	2.8	2.7	3.3	(3.2)	90
Harbourfront Corporation	March 31	24.0	3.4	14.7	5.9	6
International Centre for Ocean Development	March 31	3.5	5.6	nil	(2.1)	66
Laurentian Pilotage Authority	December 31	6.9	7.8	0.7	(1.7)	256
Marine Atlantic Inc.	December 31	438.3	44.3	397.3	(3.3)	2,240
Mingan Associates, Ltd.[4]	December 31	—	—	—	—	—
National Capital Commission	March 31	365.9	23.0	6.6	336.3	765
National Gallery of Canada	March 31	20.7	6.8	4.0	9.9	213
National Museum of Science and Technology	March 31	10.1	3.1	1.5	5.5	184

Old Port of Montreal Corporation Inc.[1]	March 31	16.5	16.2	0.3	nil	64
Pacific Pilotage Authority	December 31	6.9	3.3	0.5	3.1	173
Petro-Canada International Assistance Corporation[1]	March 31	negl.	negl.	negl.	negl.	nil
St. Lawrence Seaway Authority, The	March 31	600.1	20.2	12.9	567.0	862
Jacques Cartier and Champlain Bridges Incorporated[2]	March 31	22.9	5.0	0.4	17.5	36
Seaway International Bridge Corp. Ltd.[2]	December 31	2.0	1.8	0.2	negl.	18
Standards Council of Canada	March 31	2.6	1.2	0.3	1.1	65
VIA Rail Canada Inc.	December 31	914.2	175.0	74.3	665.0	4,477
Total FAA Schedule III-I corporations		29,816.3	6,773.4	19,870.6	3,172.3	23,264
FAA Schedule III-II:						
Canada Development Investment Corporation	December 31	422.6	516.7	250.0	(344.2)	10
Canada Ports Corporation	December 31	185.2	46.4	225.7	(86.9)	106
Canada Post Corporation	March 31	2,461.9	682.6	467.7	1,311.7	46,666
Canadian National Railway Company	December 31	6,964.7	1,393.1	2,040.2	3,531.4	36,196
Halifax Port Corporation	December 31	68.9	3.1	3.0	62.8	90
Montréal Port Corporation	December 31	218.3	7.5	9.9	201.0	461
Petro-Canada Limited	December 31	989.0	19.0	966.0	4.0	nil
Port of Québec Corporation	December 31	62.4	3.3	1.0	58.1	78
Prince Rupert Port Corporation	December 31	114.4	5.0	64.8	44.5	17
Royal Canadian Mint	December 31	99.8	25.5	14.3	60.0	667
Saint John Port Corporation	December 31	89.2	3.1	40.3	45.8	55
St. John's Port Corporation	December 31	17.8	1.0	2.6	14.3	17
Teleglobe Canada	December 31	0.3	negl.	nil	0.3	nil
Vancouver Port Corporation	December 31	318.7	19.8	4.5	294.5	167
Total FAA Schedule III-II corporations		12,013.1	2,726.0	4,089.8	5,197.3	84,530
Total FAA Schedule III corporations		41,829.4	9,499.4	23,960.4	8,369.5	107,794
Exempt (FAA Unscheduled):						
Bank of Canada[3]	December 31	-	-	-	-	-
Canada Council	March 31	183.0	29.1	nil	153.9	234
Canadian Broadcasting Corporation	March 31	1,072.8	225.6	147.2	700.1	9,551
Canadian Film Development Corporation	March 31	31.5	11.4	0.8	19.3	187
Canadian Institute for International Peace and Security	March 31	1.8	1.3	nil	0.4	34
Canadian Wheat Board, The	July 31	7,584.2	1,043.0	6,541.2	nil	430
International Development Research Centre	March 31	19.3	17.1	4.1	(1.9)	415
National Arts Centre Corporation	August 31	10.1	8.9	0.8	0.5	310
Total, exempt corporations		8,902.6	1,336.3	6,694.0	872.3	11,161
Grand Total, parent Crown corporations		50,732.0	10,835.7	30,654.4	9,241.8	118,955

See Notes following these tables.

negl. = negligible
n.a. = not available
= not applicable

TABLE 2

NET INCOME (LOSS), CASH FLOW AND FINANCING ACTIVITIES OF PARENT CROWN CORPORATIONS

(for the corporate year ended on or before July 31, 1992; $ million)

Corporations	Corporate Year-end	Net Income (Loss)	Cash Flow	Changes in Net Borrowings Owed to: Private Sector	Canada	Budgetary Appropriations
FAA Schedule III-I:						
Atlantic Pilotage Authority	December 31	(0.5)	(0.3)	0.2	(0.1)	nil
Atomic Energy of Canada Limited	March 31	2.0	18.2	(1.8)	(35.0)	176.0
Canada Deposit Insurance Corporation	December 31	52.6	160.9	nil	621.2	nil
Canada Harbour Place Corporation	March 31	(1.6)	0.4	nil	nil	nil
Canada Lands Company Limited	March 31	nil	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	March 31	nil	nil	nil	nil	nil
Canada Lands Company (Mirabel) Limited[1]	March 31	negl.	(0.3)	nil	nil	nil
Canada Mortgage and Housing Corporation						
Corporate Account	December 31	18.2	(91.1)	(1.0)	(83.6)	nil
Minister's Account	December 31	nil	nil	nil	nil	1,981.4
Mortgage Insurance Fund	December 31	(15.0)	231.1	nil	nil	nil
Securities Guarantee Fund	December 31	2.2	6.7	nil	nil	nil
Loan Insurance Fund	December 31	0.1	nil	nil	nil	nil
Rental Guarantee Fund	December 31	0.9	nil	nil	nil	nil
Canada Museums Construction Corporation Inc.	March 31	nil	nil	nil	nil	3.0
Canadian Commercial Corporation	March 31	2.7	2.7	(157.8)	nil	14.1
Canadian Dairy Commission	July 31	(6.5)	—	(24.0)	30.3	258.6
Canadian Livestock Feed Board[4]	March 31	(13.4)	(13.4)	nil	nil	13.6
Canadian Museum of Civilization	March 31	(38.9)	(35.6)	nil	nil	41.5
Canadian Museum of Nature	March 31	(19.5)	(18.5)	nil	nil	19.2
Canadian National (West Indies) Steamships, Ltd.	December 31	0.2	n.a.	nil	nil	nil
Canadian Patents and Development Limited	March 31	n.a.	n.a.	n.a.	n.a.	n.a.
Canadian Saltfish Corporation	March 31	(3.5)	(2.7)	nil	1.4	nil
Cape Breton Development Corporation	March 31	(110.9)	(8.9)	nil	(1.0)	31.0
Defence Construction (1951) Limited	March 31	0.4	0.5	nil	nil	14.8
Enterprise Cape Breton Corporation	March 31	(18.0)	(9.4)	nil	nil	10.4
Export Development Corporation	December 31	32.7	190.5	58.3	nil	nil
Farm Credit Corporation	March 31	21.6	42.6	(315.0)	59.0	nil
Federal Business Development Bank	March 31	(77.1)	3.7	(66.0)	nil	15.2
Freshwater Fish Marketing Corporation	April 30	0.4	2.0	7.1	(4.5)	nil
Great Lakes Pilotage Authority, Ltd.	December 31	(1.9)	(1.5)	nil	nil	1.4
Harbourfront Corporation	March 31	1.4	1.5	nil	12.5	nil
International Centre for Ocean Development	March 31	(14.3)	(11.8)	nil	nil	12.0
Laurentian Pilotage Authority	December 31	(5.1)	(5.0)	0.1	nil	4.8
Marine Atlantic Inc.	December 31	(0.4)	(0.1)	nil	nil	127.2
Mingan Associates, Ltd.[4]	December 31	—	—	—	—	—
National Capital Commission	March 31	8.2	(0.1)	nil	nil	89.9

National Museum of Science and Technology	March 31	(16.6)	(15.5)	nil	nil	17.1
Old Port of Montreal Corporation Inc.[1]	March 31	(42.5)	(3.9)	nil	nil	40.5
Pacific Pilotage Authority	December 31	1.3	1.4	negl.	nil	nil
Petro-Canada International Assistance Corporation[1]	March 31	negl.	negl.	nil	nil	13.7
St. Lawrence Seaway Authority, The	March 31	0.7	12.3	nil	nil	28.7
Jacques Cartier and Champlain Bridges Incorporated[2]	March 31	(27.6)	(26.4)	nil	nil	26.4
Seaway International Bridge Corp. Ltd.[2]	December 31	1.5	1.7	nil	nil	nil
Standards Council of Canada	March 31	0.1	0.2	nil	nil	6.0
VIA Rail Canada Inc.	December 31	(38.6)	6.4	nil	nil	368.1
Total FAA Schedule III-I corporations		(336.1)	409.3	(500.0)	600.3	3,346.1
FAA Schedule III-II:						
Canada Development Investment Corporation	December 31	(147.7)	6.3	75.7	(120.1)	nil
Canada Ports Corporation	December 31	(255.9)	4.2	208.8	(10.3)	90.9
Canada Post Corporation	March 31	(127.5)	27.5	nil	nil	nil
Canadian National Railway Company	December 31	(14.3)	214.8	38.7	(14.6)	10.0
Halifax Port Corporation	December 31	1.5	3.7	nil	(0.4)	nil
Montréal Port Corporation	December 31	8.1	18.4	nil	(0.4)	nil
Petro-Canada Limited	December 31	4.0	4.0	(1,145.0)	nil	nil
Port of Québec Corporation	December 31	1.5	4.6	nil	nil	nil
Prince Rupert Port Corporation	December 31	1.3	3.7	nil	1.0	nil
Royal Canadian Mint	December 31	1.3	4.4	nil	(2.6)	nil
Saint John Port Corporation	December 31	0.1	3.0	nil	(3.0)	0.5
St. John's Port Corporation	December 31	0.8	1.7	nil	(0.2)	0.1
Teleglobe Canada	December 31	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	December 31	29.0	37.6	nil	(0.2)	nil
Total FAA Schedule III-II corporations		(497.6)	334.0	(821.8)	(151.1)	101.5
Total FAA Schedule III corporations		(833.7)	743.3	(1,321.8)	449.2	3,447.6
Exempt (FAA Unscheduled):						
Bank of Canada[3]	December 31	-	-	-	-	-
Canada Council	March 31	(0.5)	0.1	nil	nil	105.5
Canadian Broadcasting Corporation	March 31	(83.3)	(10.8)	(0.2)	nil	1,031.0
Canadian Film Development Corporation	March 31	(140.8)	(139.8)	nil	nil	145.1
Canadian Institute for International Peace and Security	March 31	(1.3)	1.1	nil	nil	5.0
Canadian Wheat Board, The	July 31	27.0	—	2,265.2	nil	784.0
International Development Research Centre	March 31	(10.4)	(4.5)	nil	nil	115.8
National Arts Centre Corporation	August 31	(18.4)	(17.4)	(1.0)	nil	24.3
Total, exempt corporations		(227.7)	(171.4)	2,264.1	0.0	2,210.7
Grand Total, parent Crown corporations		(1,061.4)	571.9	942.2	449.2	5,658.3

See Notes following these tables.

negl. = negligible
n.a. = not available
- = not applicable

TABLE 3

**COMPARISON OF FINANCIAL POSITION
WITH RECORDED INVESTMENT OF GOVERNMENT
as at March 31, 1992 ($ millions)[7,8]**

	Financial Position				Recorded Investment of Government		
		Liabilities					
Corporations	Total Assets	Private Sector Borrowings and Other	Govern-ment	Total Liabilities	Loans and Advances	Equity Investment	Total[9]
FAA Schedule III-I:							
Atlantic Pilotage Authority	1.9	1.9	negl.	1.9	nil	nil	nil
Atomic Energy of Canada Limited	855.2	167.5	519.7	687.2	427.7	164.2	591.9
Canada Deposit Insurance Corporation	1,180.6	2.7	1,812.0	1,814.7	1,785.0	nil	1,785.0
Canada Harbour Place Corporation	64.0	0.3	negl.	0.3	nil	nil	nil
Canada Lands Company Limited	nil	nil	nil	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	0.5	—	0.3	0.3	nil	nil	nil
Canada Lands Company (Mirabel) Limited[1,10]	nil	nil	nil	nil	nil	nil	nil
Canada Mortgage and Housing Corporation							
Corporate Account	8,666.0	76.9	8,539.1	8,616.0	8,419.0	25.0	8,444.1
Minister's Account	nil	nil	nil	nil	nil	nil	nil
Administered Funds	1,398.5	1,218.3	62.3	1,280.6	nil	nil	nil
Canada Museums Construction Corporation Inc.	3.1	2.8	—	2.8	nil	nil	nil
Canadian Commercial Corporation	677.5	629.9	1.4	631.3	nil	nil	nil
Canadian Dairy Commission	212.6	85.8	126.7	212.5	124.8	nil	124.8
Canadian Livestock Feed Board[4,10]	nil	nil	nil	nil	nil	nil	nil
Canadian Museum of Civilization	26.0	11.9	0.6	12.5	nil	nil	nil
Canadian Museum of Nature	8.2	6.1	1.7	7.8	nil	nil	nil
Canadian National (West Indies) Steamships, Ltd.	negl.	nil	nil	nil	nil	nil	nil
Canadian Patents and Development Limited	0.3	nil	nil	nil	nil	nil	nil
Canadian Saltfish Corporation	5.2	1.3	33.0	34.3	32.8	nil	32.8
Cape Breton Development Corporation	393.9	96.8	34.5	131.3	30.0	nil	30.0
Defence Construction (1951) Limited	2.3	3.6	0.7	4.3	nil	nil	nil
Enterprise Cape Breton Corporation	7.4	2.6	0.1	2.7	nil	nil	nil
Export Development Corporation	7,468.3	6,614.3	8.4	6,622.7	nil	788.2	788.2
Farm Credit Corporation	3,688.4	873.3	2,547.0	3,420.3	2,490.7	1,118.3	3,609.0
Federal Business Development Bank	2,648.6	2,348.0	0.4	2,348.4	nil	303.4	303.4
Freshwater Fish Marketing Corporation	22.1	16.7	5.4	22.1	8.6	nil	8.6
Great Lakes Pilotage Authority, Ltd.	0.1	3.7	—	3.7	nil	nil	nil
Harbourfront Corporation	24.0	3.0	15.1	18.1	14.7	nil	14.7
International Centre for Ocean Development	3.5	4.9	0.8	5.7	nil	nil	nil
Laurentian Pilotage Authority	3.1	6.2	—	6.2	nil	nil	nil
Marine Atlantic Inc.	426.2	426.1	1.2	427.3	nil	nil	nil
Mingan Associates, Ltd.[4,10]	—	—	—	—	—	—	—
National Capital Commission	365.9	27.1	2.5	29.6	nil	nil	nil
National Gallery of Canada	20.7	9.3	1.5	10.8	nil	nil	nil
National Museum of Science and Technology	10.1	3.7	1.0	4.7	nil	nil	nil
Old Port of Montreal Corporation Inc.[1]	16.5	16.5	negl.	16.5	nil	nil	nil
Pacific Pilotage Authority	5.7	2.3	—	2.3	nil	nil	nil

Petro-Canada International Assistance Corporation[1]	nil	nil	nil	nil	nil	nil	nil
St. Lawrence Seaway Authority, The	599.0	32.1	—	32.1	nil	nil	nil
Jacques Cartier and Champlain Bridges Incorporated[2]	22.9	5.4	negl.	5.4	nil	nil	nil
Seaway International Bridge Corp. Ltd.[2]	0.8	0.8	—	0.8	nil	nil	nil
Standards Council of Canada	2.6	1.5	negl.	1.5	nil	nil	nil
VIA Rail Canada Inc.	900.7	182.3	51.3	233.6	nil	9.3	9.3
Total FAA Schedule III-I corporations	29,732.4	12,885.6	13,766.7	26,652.3	13,333.4	2,408.4	15,741.8
FAA Schedule III-II:							
Canada Development Investment Corporation	243.9	753.7	10.5	764.2	nil	395.7	395.7
Canada Ports Corporation	201.5	218.6	47.1	265.7	31.2	nil	31.2
Canada Post Corporation	2,461.9	930.5	219.8	1,150.3	80.0	nil	80.0
Canadian National Railway Company	7,079.8	3,372.7	204.0	3,576.7	133.0	2,278.9	2,411.9
Halifax Port Corporation	68.4	2.6	2.8	5.4	nil	nil	nil
Montréal Port Corporation	217.3	11.5	6.6	18.1	5.7	nil	5.7
Petro-Canada Limited	1,033.2	1,027.4	—	1,027.4	nil	nil	nil
Port of Québec Corporation	60.4	3.0	0.3	3.3	nil	nil	nil
Prince Rupert Port Corporation	115.1	1.3	69.1	70.4	16.9	nil	16.9
Royal Canadian Mint	100.4	29.8	11.7	41.5	10.9	40.0	50.9
Saint John Port Corporation	89.9	22.5	21.3	43.8	20.1	nil	20.1
St. John's Port Corporation	17.9	0.7	2.8	3.5	2.7	nil	2.7
Teleglobe Canada	0.3	—	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	311.3	15.6	3.3	18.9	3.3	nil	3.3
Total FAA Schedule III-II corporations	12,001.3	6,389.9	599.3	6,989.2	303.8	2,714.6	3,018.4
Total FAA Schedule III corporations	41,733.7	19,275.5	14,366.0	33,641.5	13,637.2	5,123.0	18,760.2
Exempt (FAA Unscheduled):							
Bank of Canada[3]	-	-	-	-	-	-	-
Canada Council	136.5	26.3	1.0	27.3	nil	nil	nil
Canadian Broadcasting Corporation	1,072.8	337.8	34.9	372.7	33.0	nil	33.0
Canadian Film Development Corporation	31.5	12.0	0.2	12.2	nil	nil	nil
Canadian Institute for International Peace and Security	1.8	1.4	—	1.4	nil	nil	nil
Canadian Wheat Board, The	8,011.7	7,991.9	19.8	8,011.7	nil	nil	nil
International Development Research Centre	19.3	21.1	negl.	21.1	nil	nil	nil
National Arts Centre Corporation	8.6	6.2	0.6	6.8	nil	nil	nil
Total, exempt corporations	9,282.2	8,396.7	56.5	8,453.2	33.0	nil	33.0
Grand Total, all parent Crown corporations	51,015.9	27,672.2	14,422.5	42,094.7	13,670.2	5,123.0	18,793.2[9]

See Notes following these tables.

negl. = negligible
— = not applicable

Terminology for the Tables

Reporting of data in Tables 1, 2 and 3 is based on the following terms:

TABLE 1: FINANCIAL POSITION AND EMPLOYMENT OF PARENT CROWN CORPORATIONS

- **Total Assets**: represents all assets reported by the corporation in its audited financial statements.
- **Current and long-term liabilities**: include obligations (defined as short-term and long-term borrowings and capital leases) and other liabilities (accounts payable, accruals, and deferrals and other). The sum of current and long-term liabilities is the total liabilities.
- **Shareholder's Equity**: represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations (i.e., marketing boards).
- **Employment**: is the number of employees as at the financial year-end of the corporation. The data relate to full-time employment in all parent Crown corporations listed in the *Financial Administration Act* and their wholly-owned subsidiaries at corporate year-end, as provided by the corporations.

TABLE 2: NET INCOME (LOSS), CASH FLOW AND FINANCING ACTIVITIES OF PARENT CROWN CORPORATIONS

- **Net Income (Loss)**: is after taxes, where applicable, and all extraordinary items. It includes Parliamentary appropriations where the corporations have included these in the calculation of Net Income (Loss). In some cases, Net Income (Loss) is the "Excess of Parliamentary appropriations over cost of operations" or "Excess of Proceeds over Expenditures".
- **Cash Flow**: is defined as Net Income (Loss) from operations plus or minus non-cash charges (or credits) to operations, for example, depreciation, amortization, gain on disposal of assets, write-down of properties, etc. Cash flow does not include changes in working capital items. It does include Parliamentary appropriations where the corporation includes these in the calculation of net income.
- **Changes in Net Borrowings Owed**: includes changes during the financial period in outstanding long-term and short-term borrowings and capital leases.
- **Budgetary Appropriations**: are Parliamentary appropriations for capital and operating purposes. The amounts exclude grants and contributions paid to Crown corporations where they qualify as members of a general class of recipients. An example of such an exclusion is payments to the Canadian National Railway Company under the *Maritime Freight Rates Act*. Budgetary appropriations increase the expenditures of Canada and thus have a direct impact on the federal deficit.

TABLE 3: COMPARISON OF FINANCIAL POSITION WITH RECORDED INVESTMENT OF GOVERNMENT

- **Loans and Advances, and Equity Investment** represent amounts recorded as assets (financial claims represented by debt instruments and ownership interests) in the accounts of Canada.

Notes to the Tables

Notes Common to Tables 1, 2 and 3:

1. Petro-Canada International Assistance Corporation (PCIAC) and two subsidiaries of Canada Lands Company Limited (Canada Lands Company (Mirabel) Limited and Old Port of Montreal Corporation Inc.) are shown amongst Schedule III-I corporations since, though not scheduled, they had been directed, pursuant to section 86(2) of the FAA, to report their affairs as if they were Schedule III-I parent Crown corporations. Canada Lands Company (Mirabel) Limited ceased acting as a parent Crown corporation on April 25, 1991 with completion of its mandate on March 31, 1991 and was dissolved on January 8, 1992. PCIAC was dissolved on April 1, 1992.

2. Three wholly-owned subsidiaries have been added to the tables because their financial affairs are not consolidated with their parent Crown corporation: Canada Lands Company (Vieux-Port de Québec) Inc., The Jacques Cartier and Champlain Bridges Incorporated, and The Seaway International Bridge Corporation, Ltd.

3. The Bank of Canada is excluded from these Tables due to the unique nature of its operations. The corresponding data (in millions for dollar figures) for the Bank of Canada are as follows:

   - Table 1: total assets: $27,045; total liabilities: $27,015; shareholder's equity: $30; employment: 2,193.
   - Table 2: net income: $2,119; cash flow: not applicable; total changes to obligations: $1,590; budgetary appropriations: nil.
   - Table 3: total assets: $24,568; private sector borrowings and other liabilities: $24,457; Government liabilities: $81; total liabilities: $25,538; loans and advances: nil; equity investment: $5.9; total recorded Government investment: $5.9.

     Note: net income is paid to the Receiver General for Canada.

4. The Canadian Livestock Feed Board and Mingan Associates, Ltd. were dissolved before their last scheduled financial year-ends. To reflect their existence prior to dissolution, they are listed in the tables.

Notes to Table 1:

5. Employment data differ from those published by Statistics Canada in its **Public Sector Employment and Remuneration** publication. Employment data for the four pilotage authorities include contract pilots, and those for the Canada Development Investment Corporation relate to the parent Crown corporation only. Employment data for Marine Atlantic Inc. were reported on a person-year basis in 1991-92; the comparable figures for previous year-ends are: 1990-91: 2,300; 1989-90: 2,463; 1988-89: 2,416 and 1987-88: 2,494. Employment data for Canada Post Corporation prior to 1991-92 were restated by the corporation; the comparable figures are: 1990-91: 49,046; 1989-90: 52,839; 1988-89: 54,731 and 1987-88: 55,819.

6. The shareholder's equity for Canada Deposit Insurance Corporation represents the surplus (deficit) of the Deposit Insurance Fund.

Notes to Table 3:

7. Data for this table have been extracted from Sections 5 and 6 of Volume I of the *Public Accounts of Canada 1991-92*.

Notes to Table 3: (concluded)

8. The following corporations are consolidated in Volume I of the *Public Accounts of Canada* as they are recognized for accounting purposes as part of the Government's reporting entity:

Schedule III-I:
Atomic Energy of Canada Limited
Canada Harbour Place Corporation
Canada Lands Company Limited
Canada Lands Company (Mirabel) Limited
Canada Lands Company (Vieux-Port de Québec) Inc.
Canada Mortgage and Housing Corporation — Minister's Account
Canada Museums Construction Corporation Inc.
Canadian Dairy Commission — Dairy Support Operation
Canadian Livestock Feed Board
Canadian Museum of Civilization
Canadian Museum of Nature
Canadian National (West Indies) Steamships, Ltd.
Canadian Patents and Development Limited
Defence Construction (1951) Limited
Enterprise Cape Breton Corporation
Harbourfront Corporation
International Centre for Ocean Development
Marine Atlantic Inc.
Mingan Associates, Ltd.
National Capital Commission
National Gallery of Canada
National Museum of Science and Technology
Old Port of Montreal Corporation Inc.
Jacques Cartier and Champlain Bridges Incorporated
Standards Council of Canada
VIA Rail Canada Inc.

Exempt:
Canada Council
Canadian Broadcasting Corporation
Canadian Film Development Corporation
Canadian Institute for International Peace and Security
International Development Research Centre
National Arts Centre Corporation

9. In the accounts of Canada, the Total Recorded Investment of Government of $18,793.2 million is reduced by a consolidation adjustment and an allowance for valuation. The adjustment for the consolidation removes the loans, investments and advances of the corporations included in the Government's reporting entity (see the preceding note). The allowance for valuation represents reductions from the recorded value to the estimated realizable value. The 1991-92 amount was not available at time of printing. Last year's allowance for valuation was $5,650 million on the total recorded investment of $22,387 million. Details are provided in Volume I of the *Public Accounts of Canada*.

10. Canada Lands Company (Mirabel) Limited, Canadian Livestock Feed Board and Mingan Associates, Ltd., were dissolved before March 31, 1992.

3. LISTINGS OF CROWN CORPORATIONS AND THEIR CORPORATE HOLDINGS

3.1 Statistical Summary of Crown Corporations and Their Corporate Holdings

(as at their financial year-ends on or before July 31, 1992)

	1992	1991
Crown Corporations		
• Parent Crown corporations	55	58
• Wholly-owned subsidiaries	59	118
Other Corporate Holdings of Crown Corporations		
• Subsidiaries held at 50% or more but less than 100%	17	27
• Associates held at less than 50%	31	85

3.2 Listing of Parent Crown Corporations[1] and Their Corporate Holdings
(as at their financial year-ends on or before July 31, 1992)

1. Atlantic Pilotage Authority (III-I)
2. Atomic Energy of Canada Limited (III-I)
    - Subsidiary held at 100%
        - AECL Inc.
3. Bank of Canada (Exempted)
4. Canada Council (Exempted)
5. Canada Deposit Insurance Corporation (III-I)
6. Canada Development Investment Corporation (III-II)
    - Subsidiaries held at 100%
        - Canada Eldor Inc. — and its Associate/Subsidiaries
            - Cameco — A Canadian Mining & Energy Corporation (19.3%)
            - Eldorado Aviation Limited[2]
            - Eldorado Nuclear (1989) Limited[2]
            - Eldorado Resources Limited[2]
        - Cartierville Financial Corporation Inc.
        - Theratronics International Limited - and its Associate/Subsidiary
            - Medical High Technology Inc. (48%)
            - Meicor Inc. (65%)
    - Subsidiary held at 50-99%
        - Ginn Publishing Canada Inc. (51%)— and its Subsidiaries
            - GLC Publishers Limited
            - GPCL (Canada) Limited
    - Associate held at less than 50%
        - Varity Corporation[3]
7. Canada Harbour Place Corporation (III-I)[4]
8. Canada Lands Company Limited (III-I)[5]
    - Subsidiaries held at 100%
        - Canada Lands Company (Vieux-Port de Québec) Inc.[6]
        - Old Port of Montreal Corporation Inc.[7]
9. Canada Mortgage and Housing Corporation (III-I)
10. Canada Museums Construction Corporation Inc. (III-I)[4,8]
11. Canada Ports Corporation (III-II)
    - Subsidiary held at 100%
        - Ridley Terminals Inc.[9]
12. Canada Post Corporation (III-II)
    - Subsidiaries held at 100%
        - Canada Post Systems Management Ltd.
        - CINA Holdings B.V.— and its Associate
            - G.D. Net B.V. (12%)— and its Subsidiary
                - G.D. Express Worldwide N.V. (50%)
    - Associate held at less than 50%
        - Cooperative Vereniging International Post Corporation U.A. (6.8%)— and its Subsidiary/Associate
            - EMS International Post Corporation S.A. (96%)
            - International Post Corporation S.A. (Unipost) (4%)

13. Canadian Broadcasting Corporation (Exempted)
    - Associates held at less than 50%
        - Cable North Microwave Limited (1 share)
        - Master FM Limited (20%)
        - Visnews Limited (1 share)
14. Canadian Commercial Corporation (III-I)
15. Canadian Dairy Commission (III-I)
16. Canadian Film Development Corporation (Exempted)
17. Canadian Institute for International Peace and Security (Exempted)[10]
18. Canadian Museum of Civilization (III-I)
19. Canadian Museum of Nature (III-I)
20. Canadian National Railway Company (III-II)
    - Subsidiaries held at 100%
        - Autoport Limited
        - The Canada and Gulf Terminal Railway Company
        - Canadian National Express Company
        - The Canadian National Railways Securities Trust
        - Canadian National Steamship Company, Limited
        - Canadian National Telegraph Company — and its Subsidiary
            - The Great North Western Telegraph Company of Canada (94.54%)
        - Canadian National Transfer Company Limited
        - Canadian National Transportation, Limited — and its Subsidiaries
            - Chapman Transport Limited
            - Empire Freightways Limited
            - Royal Transportation Limited
        - Canat Limited
        - CN (France) S.A.
        - CNM Inc. — and its Subsidiary/Associates
            - Halifax Industries (Holdings) Limited (33.3%)
            - Lakespan Marine Inc. (50%)
            - Seabase Limited (15%)
        - CN Tower Limited
        - CN Transactions Inc. — and its Subsidiaries
            - Canac International Inc. — and its Subsidiary
                - Canac International Ltd.
            - Canaprev Inc. (50%)
            - Canaven Limited
            - CN Exploration Inc.
            - Portage & Main Development Ltd. (50%)
        - EID Electronic Identification Systems Ltd.
        - Grand Trunk Corporation — and its Subsidiaries
            - Central Vermont Railway, Inc. — and its Subsidiary
                - Domestic Four Leasing Corporation
            - Domestic Two Leasing Corporation — and its Subsidiary
                - Relco Financial Corp.
            - Duluth, Winnipeg and Pacific Railway Company
            - Grand Trunk Land Development Corporation
            - Grand Trunk Radio Communications, Inc.

20. Canadian National Railway Company (III-II) — Concluded
    Subsidiaries held at 100% — Concluded
        Grand Trunk Corporation — and its Subsidiaries — Concluded
            Grand Trunk Western Railroad Company — and its Subsidiary/Associates
                The Belt Railway Company of Chicago (8.33%)
                Chicago and Western Indiana Railroad Company (20%)
                Domestic Three Leasing Corporation
                TTX Company (2.6%)
        The Minnesota and Manitoba Railroad Company
        The Minnesota and Ontario Bridge Company
        Mount Royal Tunnel and Terminal Company, Limited
        17335 Canada Inc. — and its Subsidiary
            The Toronto Terminal Railway Company (50%)
    Subsidiaries held at 50-99%
        The Canada Southern Railway Company (50%)
        The Canadian Northern Quebec Railway Company (59.7%)
        Detroit River Tunnel Company (50%)
        Innotermodal Inc. (50%)
        The Northern Consolidated Holding Company Limited (71.9%)
        The Quebec and Lake St. John Railway Company (89.1%)
        Shawinigan Terminal Railway Company (50%)
    Associates held at less than 50%
        Compagnie de gestion de Matane Inc. (49%)
        Corporation de Chauffage Urbain de Montréal (30%)
        Dome Consortium Investments Inc. (6.7%)
        Eurocanadian Shipholdings Limited (18%)
        Fort Point Holdings Ltd. (25%)
        Halterm Limited (33.33%)
        Railroad Association Insurance, Ltd. (7.5%)
        Telesat Canada (3.7%)[11]
21. Canadian National (West Indies) Steamships, Ltd. (III-I)[12]
22. Canadian Patents and Development Limited (III-I)[4]
23. Canadian Saltfish Corporation (III-I)
24. Canadian Wheat Board, The (Exempted)
25. Cape Breton Development Corporation (III-I)
    Subsidiary held at 100%
        Cape Breton Carbofuels Limited[2]
26. Defence Construction (1951) Limited (III-I)
27. Enterprise Cape Breton Corporation (III-I)
    Subsidiaries held at 100%
        Cape Breton Marine Farming Limited[2]
        DARR (Cape Breton) Limited[2]
        Gulf Bras D'Or Estates Limited[2]
    Subsidiary held at 50-99%
        Whale Cove Summer Village Limited (62.5%)
    Associates held at less than 50%
        Barklay Systems Limited[3]
        Canadian Tennis Technology Limited
        General Mining Building Limited
        Magi Corporation

27. Enterprise Cape Breton Corporation (III-I) — Concluded
    - Associates held at less than 50%—Concluded
        - Silver Screen Star Limited
28. Export Development Corporation (III-I)
29. Farm Credit Corporation (III-I)
30. Federal Business Development Bank (III-I)
    - Associate held at less than 50%
        - Cominco Ltd.[3]
31. Freshwater Fish Marketing Corporation (III-I)
32. Great Lakes Pilotage Authority, Ltd. (III-I)
33. Halifax Port Corporation (III-II)
34. Harbourfront Corporation (III-I)[4]
    - Subsidiaries held at 100%
        - Peter Street Basin Properties Inc.
        - 630370 Ontario Ltd.
35. International Centre for Ocean Development (III-I)[10]
36. International Development Research Centre (Exempted)
37. Laurentian Pilotage Authority (III-I)
38. Marine Atlantic Inc. (III-I)
    - Subsidiaries held at 100%
        - Coastal Transport Ltd.
        - Newfoundland Dockyard Company
39. Montréal Port Corporation (III-II)
    - Subsidiary held at 100%
        - 176422 Canada Inc.
40. National Arts Centre Corporation (Exempted)
41. National Capital Commission (III-I)
42. National Gallery of Canada (III-I)
43. National Museum of Science and Technology (III-I)
44. Pacific Pilotage Authority (III-I)
45. Petro-Canada Limited (III-II)
    - Subsidiary held at 100%
        - Petro-Canada International Assistance Corporation[13]
46. Port of Québec Corporation (III-II)
47. Prince Rupert Port Corporation (III-II)
48. Royal Canadian Mint (III-II)
49. Saint John Port Corporation (III-II)
50. St. John's Port Corporation (III-II)
51. St. Lawrence Seaway Authority, The (III-I)
    - Subsidiaries held at 100%
        - Great Lakes Pilotage Authority, Ltd.[14]
        - The Jacques Cartier and Champlain Bridges Incorporated
        - The Seaway International Bridge Corporation, Ltd.
52. Standards Council of Canada (III-I)
53. Teleglobe Canada (III-II)[2]
54. Vancouver Port Corporation (III-II)
55. VIA Rail Canada Inc. (III-I)
    - Associate held at less than 50%
        - Railroad Association Insurance, Ltd. (4%)

Notes to Listing of Parent Crown Corporations and Their Corporate Holdings

1. For parent Crown corporations scheduled in the *Financial Administration Act* (FAA), the relevant schedule is shown in parentheses immediately following the corporation's name. Under the FAA, a subsidiary, if it is wholly-owned directly or indirectly by one or more parent Crown corporation, is a Crown corporation. Unscheduled Crown corporations are denoted as *"exempted"* in parentheses.

2. Inactive corporation.

3. Only non-voting preferred shares are held.

4. Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* received Royal Assent on November 26, 1991 and provides for a change of status in this corporation.

5. Canada Lands Company Limited also holds two-thirds of the capital stock of the Canada Museums Construction Corporation Inc., a parent Crown corporation (see note 8).

6. Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations on March 31, 1988. A decision has yet to be taken with respect to its formal dissolution pending the resolution of certain legal matters.

7. Old Port of Montreal Corporation Inc., a wholly-owned subsidiary of Canada Lands Company Limited, has been directed to report its affairs as if it were a parent Crown corporation.

8. The Canada Museums Construction Corporation Inc. will become a wholly-owned subsidiary of Canada Lands Company Limited once its operations have been finalized and its outstanding contractual obligations have been settled.

9. Canada Ports Corporation became the registered owner of all Ridley Terminals Inc. shares on July 30, 1991.

10. Bill C-63, *An Act to Dissolve or Terminate Certain Corporations and Other Bodies* received First Reading in the House of Commons on March 10, 1992. The Bill provides for the dissolution of the Canadian Institute for International Peace and Security and the International Centre for Ocean Development.

11. In 1992, the Canadian National Railway Company sold its 3.7% interest in Telesat Canada.

12. Canadian National (West Indies) Steamships, Ltd. was dissolved on June 17, 1992 under the *Canada Business Corporations Act*, subsequent to its December 1991 year-end. It was de-scheduled as a Crown corporation on November 1, 1992 as provided for under the *Crown Corporations Dissolution Authorization Act*.

13. Pursuant to the 1991 federal Budget announcement of the intent to dissolve the Petro-Canada International Assistance Corporation, the corporation was dissolved on April 1, 1992, subsequent to its year-end.

14. Not included in Statistical Summary of wholly-owned subsidiaries. Scheduled as a parent Crown corporation pursuant to *The Pilotage Act*.

3.3 Changes to the Listing During the Year

1. Atomic Energy of Canada Limited	
Subsidiary held at 100%	
AECL Inc.	Added
2. Canada Development Investment Corporation	
Subsidiaries held at 100%	
Nordion International Inc. — and its Associate/Subsidiary	Deleted
CyberFluor Inc. (46.4%)	Deleted
Nordion Europe S.A.	Deleted
Theratronics International Limited — and its Subsidiary	
Medical High Technology Inc. (51%) — and its Subsidiary	Deleted
Meicor Inc. (65%)	Deleted
Medical High Technology Inc. (48%)	Added
Meicor Inc. (65%)	Added
3. Canada Lands Company Limited	
Subsidiary held at 100%	
Canada Lands Company (Mirabel) Limited	Deleted
4. Canada Ports Corporation	
Subsidiary held at 100%	
Ridley Terminals Inc.	Added
Subsidiary held at 50-99%	
Ridley Terminals Inc.	Deleted
5. Canada Post Corporation	
Subsidiary held at 100%	
CINA Holdings B.V.— and its Associate	Added
G.D. Net B.V. (12%)— and its Subsidiary	Added
G.D. Express Worldwide N.V. (50%)	Added
6. Canadian Livestock Feed Board	Deleted
7. Canadian National Railway Company	
Subsidiary held at 100%	
Grand Trunk Corporation — and its Subsidiary	
Grand Trunk Western Railroad Company — and its Associates	
Trailer Train Company (2.6%)	Deleted
TTX Company (2.6%)	Added
Subsidiaries held at 50-99%	
Innotermodal Inc. (50%)	Added
The Public Markets, Limited (50%)	Deleted
8. Enterprise Cape Breton Corporation	
Subsidiaries held at 100%	
Dundee Estates Limited	Deleted
Gulf Bras D'Or Estates Limited	Added
Associates held at less than 50%	
Cape Breton Wallcovering Limited	Deleted
Magi Corporation	Added
Nova Aqua Limited Partnership	Deleted
Nova Scotia Clam Limited	Deleted
Silver Screen Star Limited	Added

9. Federal Business Development Bank	
Associate held at less than 50%	
Cominco Ltd.	Added
10. Mingan Associates, Ltd.	Deleted
11. Montréal Port Corporation	
Subsidiary held at 100%	
176422 Canada Inc.	Added
12. Petro-Canada	Deleted
Subsidiaries held at 100%	
Amauligak Exploration Inc.	Deleted
Arctic Pilot Project Inc.	Deleted
Asher American Inc.	Deleted
Bent Horn Development Inc.	Deleted
Blake and Son (1979) Ltd.	Deleted
BP Marketing Canada Limited	Deleted
Canadian Petroleum Studies Inc.	Deleted
Chancellor Holdings Corporation, The — and its Subsidiary	Deleted
ICG Propane Inc.	Deleted
Chatelaine Restaurants Limited	Deleted
Commodore Oils Limited	Deleted
Dépanneurs Le Frigo Ltée.	Deleted
Fifth Pacific Stations Ltd.	Deleted
First Pacific Stations Ltd.	Deleted
Fourth Pacific Stations Ltd.	Deleted
Frontier Insurance Ltd.	Deleted
Fundy Energy Inc.	Deleted
GMI Co. (Bahamas) Limited	Deleted
Independent Fuels & Lumber Ltd.	Deleted
Morrow Fuel Oil Sales Ltd.	Deleted
Northwest Terminals Ltd.	Deleted
Pacific Petroleums Ltd.	Deleted
Pacific Pipelines, Inc.	Deleted
Petro-Canada Altamont Inc.	Deleted
Petro-Canada (Argentina) Inc.	Deleted
Petro-Canada Chemicals Inc.	Deleted
Petro-Canada (Columbia) Inc.	Deleted
Petro-Canada Consulting Corporation	Deleted
Petro-Canada (Ecuador) Inc.	Deleted
Petro-Canada Enterprises Inc.	Deleted
Petro-Canada (Hibernia) Inc.	Deleted
Petro-Canada Hydrocarbons Inc.	Deleted
Petro-Canada (Indonesia) Inc.	Deleted
Petro-Canada (Malaysia) Inc.	Deleted
Petro-Canada (Myanmar) Inc.	Deleted
Petro-Canada (North Africa) Inc.	Deleted
Petro-Canada Oil & Gas Inc.	Deleted
Petro-Canada (Pakistan) Inc.	Deleted
Petro-Canada Petroleum Inc.	Deleted
Petro-Canada (U.K.) Limited	Deleted
Petro-Canada (Vietnam) Inc.	Deleted

12. Petro-Canada — Continued

Subsidiaries held at 100% — Concluded

Petro-Canada (Yemen) Inc.	Deleted
Petro-Canada Youth Inc.	Deleted
Petroleum Transmission Company	Deleted
Prairie Leaseholds Ltd.	Deleted
Rocair Limited	Deleted
Second Pacific Stations Ltd.	Deleted
Sedpex Inc.	Deleted
Servico Limited	Deleted
St. Laurent Petroleum Inc.	Deleted
Third Pacific Stations Ltd.	Deleted
Wayfare Restaurants Limited	Deleted
Xychem Inc.	Deleted
106616 Canada Inc.	Deleted
146923 Canada Ltd.	Deleted
146924 Canada Ltd.	Deleted
158226 Canada Inc.	Deleted
173116 Canada Limited	Deleted
398559 Alberta Ltd.	Deleted
1283-9304 Quebec Inc.	Deleted

Subsidiaries held at 50-99%

Canstar Oil Sands Ltd. (50%)	Deleted
Harvey's Oil Limited (50%)	Deleted
Les Huiles Du Royaume Inc. (50%)	Deleted
Marchand Petroleum (Canada) Inc. (50%)	Deleted
Panarctic Oils Ltd. (52.73%)	Deleted
Petro-Canada Centre Inc. (50%)	Deleted
Petro-Partners (60%)	Deleted
West Nova Fuels Limited (50%)	Deleted
288564 Alberta Ltd. (50%)	Deleted

Associates held at less than 50%

Alberta Envirofuels Inc. (33%)	Deleted
Alberta Products Pipeline Ltd. (35%)	Deleted
Downhole Systems Technology Canada Inc. (18.31%)	Deleted
Hibernia Management & Development Company Ltd. (25%)	Deleted
International de Services Industriels et Scientifique, S.A. (27%)	Deleted
Joseph Elie Ltée. (49.9%)	Deleted
Kenmac Energy Inc. (49%)	Deleted
Les Huiles Desroches Inc. (45%)	Deleted
Les Huiles Lamontagne Inc. (49%)	Deleted
Les Huiles Town & Country Inc. (49%)	Deleted
Les Pétroles Saint-Jean-Sur Richelieu Inc. (49%)	Deleted
Les Pétroles Sherbrooke Inc. (47%)	Deleted
Les Pétroles Vosco (Canada) Ltée (49%)	Deleted
MacGillvray Fuels Limited (49%)	Deleted
Montreal Pipeline Limited (23.8%)	Deleted
Northward Development Ltd. (17%)	Deleted
Pacific Northern Gas Ltd. (18%)	Deleted

12. Petro-Canada — Concluded

Associates held at less than 50% — Concluded	
Peace Pipeline Ltd. (10.89%)	Deleted
Petro-Canada Centre Finance Inc. (33%)	Deleted
Pétrole Chaleurs (1987) Inc. (49%)	Deleted
Pétro Sud-Ouest Inc. (49%)	Deleted
Pétrole De La Maurice (Canada) Inc. (49.99%)	Deleted
Pétroles M. Miron Inc. (49.9%)	Deleted
Redwater Water Disposal Co. Ltd. (21.36%)	Deleted
Sulconam Inc. (7.6%)	Deleted
Sydco Fuels Inc. (49.99%)	Deleted
Syncrude Canada Ltd. (17%)	Deleted
TransNorthern Pipeline Ltd. (33.3%)	Deleted
Westcoast Energy Inc. (36.5%) — and its Subsidiaries/Associates	Deleted
Foothills Pipe Lines Ltd. (50%) — and its Subsidiaries	Deleted
Foothills Engineering Ltd.	Deleted
Foothills Pipe Lines (Alta.) Ltd. (51%)	Deleted
Foothills Pipe Lines (North B.C.) Ltd. (51%)	Deleted
Foothills Pipe Lines (North Yukon) Ltd.	Deleted
Foothills Pipe Lines (Sask.) Ltd. (51%)	Deleted
Foothills Pipe Lines (South B.C.) Ltd. (51%)	Deleted
Foothills Pipe Lines (South Yukon) Ltd.	Deleted
Pacific Northern Gas Ltd. (43%) — and its Subsidiary	Deleted
PNG Marketing Ltd.	Deleted
Saratoga Processing Company Limited (25%)	Deleted
Vancal Properties Ltd.	Deleted
W.T. Investments Inc.	Deleted
Westcoast Energy Marketing Ltd.	Deleted
Westcoast Energy Pipelines Limited — and its Subsidiary	Deleted
Pacific Coast Energy Corporation (50%)	Deleted
Westcoast Gas Inc.	Deleted
Westcoast Petroleum Ltd. — and its Subsidiaries	Deleted
Canadian Roxy Petroleum Ltd. (82.3%)	Deleted
Dover Petroleum Company	Deleted
Westcoast Resources Inc.	Deleted
Westcoast Production Co. (Africa) Ltd.	Deleted
292643 B.C. Ltd.	Deleted
Westcoast Transmission Company, Inc.	Deleted
Westcoast Transmission Company Limited	Deleted
Westcoast Transmission Company (Alberta) Ltd.	Deleted

PART II

PARENT CROWN CORPORATION ABSTRACTS

Part II — Parent Crown Corporation Abstracts

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Part II — Page

Introduction

Part II of this Annual Report presents a corporate abstract for each parent Crown corporation and for the wholly-owned subsidiaries that were directed by Order-in-Council to report their affairs as if they were parent Crown corporations. Each abstract includes basic information on a corporation's mandate, origins, present status, and names of executive officers, as well as summary financial information. Terminology pertaining to the financial summaries may be found at the end the section. Additional information on specific corporations may be obtained by contacting them directly at the head office indicated in the abstracts.

Three parent Crown corporations were deleted in 1991-92 from the list of Crown corporations reported in 1990-91. One, Petro-Canada, was partially privatized on July 3, 1991 and now reports as a private sector corporation. Information pertaining to the government's residual investment in it is shown in Part V of this Annual Report, **Other Corporate Interests of Canada**. The two other parent Crown corporations (Canadian Livestock Feed Board and Mingan Associates, Ltd.) were dissolved in 1991-92. Corporate abstracts are presented for these two corporations in order to present information on their activities as Crown corporations during 1991-92. In addition, one of the three wholly-owned subsidiaries which reported as a parent Crown corporation, Canada Lands Company (Mirabel) Limited, was dissolved in 1991-92. Corporate abstracts for this subsidiary and the three parent Crown corporations dissolved in 1991-92 will not appear in the President's 1992-93 Annual Report.

ATLANTIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service within designated waters in and around the Atlantic provinces.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Atlantic region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P. Minister of Transport

Department: Transport

Incorporation and Status: 1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Head Office: Purdy's Wharf
Suite 1402, Tower 1
1959 Upper Water Street
Halifax, Nova Scotia, B3J 3N2
(902) 426 - 2550

Chairperson and Chief Executive Officer: Captain C.R. (Ted) Worthington

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	2.1	2.4	2.3	1.9	2.0
Loans from Private Sector	0.6	0.4	nil	nil	0.2
Loans from Canada	nil	0.1	0.1	0.2	0.3
Shareholder's Equity	0.4	0.9	1.0	0.5	negl.
Operations					
Revenues	7.5	7.3	7.3	7.1	6.4
Net Income	(0.5)	(0.3)	negl.	0.1	(0.1)
Cash Flow	(0.3)	(0.1)	0.2	0.2	negl.
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	0.2	0.5	0.4	0.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.1	0.1	0.1	0.1	0.1
Dividends	nil	nil	nil	nil	nil

negl. = negligible

ATOMIC ENERGY OF CANADA LIMITED

MANDATE

To develop the utilization of atomic energy for peaceful purposes.

BACKGROUND

Founded in 1952, Atomic Energy of Canada Limited (AECL) develops CANDU power generating technology. It operates research and development laboratories at Chalk River, Ontario and at Pinawa, Manitoba, and its main engineering offices are in Mississauga, Ontario. There are 33 CANDU reactors either in operation or under construction in Canada and five other countries. Its design and engineering teams contribute to the continued improvement and development of nuclear power stations and nuclear technology in general. The Radiochemical and Medical Products components of AECL (Nordion International Inc. and Theratronics International Limited) were transferred to the Canada Development Investment Corporation (CDIC) in 1988 for sale to the private sector. CDIC sold Nordion in November 1991 for $165 million and remitted $153 million in net proceeds to AECL for transfer to the government. In August 1991, AECL signed a contract with the Romanian Electric Utility Company to provide technical and project assistance to complete the first Cernavoda CANDU 6 unit. In September 1992, AECL signed a contract with the Korea Electric Power Corporation related to the construction of two (Wolsong 3 & 4) 700 megawatt CANDU 6 nuclear-powered generating stations. The Canadian share of this contract is valued at $675 million.

Appropriate Minister: The Honourable Jake Epp, P.C., M.P. Minister of Energy, Mines and Resources

Department: Energy, Mines and Resources

Incorporation and Status: February 14, 1952 under Part I of *Canada Corporations Act*; continued July 8, 1977 under the certificate amended July 15, 1982 *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: Minto Place
17th Floor
344 Slater Street
Ottawa, Ontario, K1A 0S4
(613) 237 - 3270

Acting Chairperson: Marnie Paikin

Acting President and Chief Executive Officer: Bruce I. Howe

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89[1]	1987-88[1]
Financial Position					
Total Assets	855	957	952	994	1,036
Loans from Private Sector	15	17	19	21	22
Loans from Canada[2]	477	512	544	574	601
Shareholder's Equity	168	220	211	216	207
Operations					
Revenues	626	484	450	497	533
Net Income	2	8	(10)	23	10
Cash Flow	18	16	(3)	29	17
Funding from Canada					
Budgetary (operating & capital expenditures)	176	167	206	203	175
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	35	32	30	27	25
Dividends	153	nil	nil	16	nil

[1] Includes the businesses of Nordion and Theratronics up to September 30, 1988, the date of transfer to CDIC.
[2] Loans from Canada are of a flow-through nature to finance provincial utility nuclear facilities.

BANK OF CANADA

MANDATE

The Bank of Canada is responsible for the formulation and implementation of monetary policy in Canada and acts as the government's fiscal agent. The Bank has the sole right to issue paper currency for circulation in Canada. It manages the level of settlement balances and conducts open-market operations, buying or selling securities as, in its judgement, the progress of Canada's economy requires. As fiscal agent, it handles the issue of securities of Canada and payment of related interest and principal; it also cashes and negotiates cheques drawn on the Receiver General. It administers the Exchange Fund Account and acts as agent for the government's operations in the foreign exchange market.

BACKGROUND

The Bank was created by the *Bank of Canada Act* in 1934 as Canada's central bank. As the Bank is exclusively responsible for the issue of bank notes, the majority of its liabilities is for notes in circulation. The majority of its revenue is interest earned on the investment in securities of Canada. In addition to the cost of handling bank notes, the Bank incurs expenses for the formulation of monetary policy, the management of Government of Canada debt and banking activities.

Appropriate Minister:	The Honourable Don Mazankowski, P.C., M.P Deputy Prime Minister and Minister of Finance
Department:	Finance
Incorporation and Status:	1934, by the *Bank of Canada Act* (R.S.C. 1985, c. B-2), Acts as the fiscal agent of the Government of Canada; is exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act.*
Head Office:	234 Wellington Street Ottawa, Ontario, K1A 0G9 (613) 782 - 8111
Chief Executive Officer:	John Crow
Auditor:	Raymond, Chabot, Martin, Paré and Peat Marwick Thorne

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	27,045	25,275	24,780	24,319	23,023
Liabilities:					
Deposits[1]	2,332	2,009	2,434	2,759	3,388
Notes in Circulation	24,481	22,970	22,093	21,032	19,447
Other[2]	202	266	223	498	158
Shareholder's Equity	30	30	30	30	30
Operations					
Revenues	2,324	2,615	2,425	2,110	2,008
Expenses, before depreciation	188	186[3]	172	159	151
Net Revenue - Paid to Canada	2,119	2,409	2,239	1,938	1,844

[1] Includes Government of Canada deposits.
[2] Includes Government of Canada liability payable in foreign currencies.
[3] Comparative figures for 1990 were reclassified.

Note: The nature of the operations of a central bank makes its financial statements unique in their import.

CANADA COUNCIL

MANDATE

To foster and promote the study, enjoyment and production of works in the arts and to coordinate United Nations Educational Scientific and Cultural Organization (UNESCO) activities in Canada and Canadian participation in various UNESCO activities abroad, excluding political questions and assistance to developing countries.

BACKGROUND

The Council receives a Parliamentary appropriation each year for its operations. As well, it administers the $50 million Endowment Fund which was created by its Act, and other funds established through private donations. It is a charitable organization for the purposes of the *Income Tax Act*. In the February 1992 federal Budget, the Government announced the intention of merging the Canada Council, the Social Sciences and Humanities Research Council and the international cultural and international academic relations programs of External Affairs and International Trade Canada. At the time of printing, the legislation required to proceed with the merger had not yet been tabled.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Head Office:	3rd Floor 99 Metcalfe Street P.O. Box 1047 Ottawa, Ontario, K1P 5V8 (613) 237 - 3400
Department:	Communications		
Incorporation and Status:	1957, by the *Canada Council Act* (R.S.C. 1985, c. C-2); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.	Chairperson:	Allan Gotlieb
		Chief Executive Officer:	Dr. Paule Leduc
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Assets — Endowment Account	135.5	133.7	135.8	130.7	128.7
— Special Funds[1]	47.4	46.4	46.1	41.2	40.1
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	153.9	151.0	148.4	138.6	141.1
Operations					
Revenues[2]	120.5	120.0	118.1	107.0	109.2
Outlays on grants, services and art[3]	99.2	98.2	97.3	95.8	85.5
Net Income	(0.5)	1.2	2.0	(6.4)	6.7
Cash Flow	0.1	1.9	2.5	(5.9)	7.3
Funding from Canada					
Budgetary (operating & capital expenditures)	105.5	104.1	103.5	93.3	96.9
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] These represent bequests to the Canada Council.
[2] Includes budgetary funding received from Canada.
[3] Outlays on grants include both the Endowment and Special Funds.

CANADA DEPOSIT INSURANCE CORPORATION

MANDATE

To provide limited insurance for deposits with member institutions i.e., federal banks, trust and loan companies and approved provincial trust and loan companies. To promote standards of sound business and financial practices for member institutions and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada.

BACKGROUND

The corporation was established by the *Canada Deposit Insurance Corporation Act* in 1967. Member institutions pay annual premiums to the Deposit Insurance Fund to meet depositors' claims. Payments to depositors of insolvent financial institutions resulted in a net deficit position for this fund and premium rates were increased in 1985. Bill C-48, which amended the *Canada Deposit Insurance Corporation Act* and received Royal Assent on June 23, 1992, allows for an increase in the corporation's borrowing authority to $6 billion.

Appropriate Minister:	The Honourable Don Mazankowski, P.C., M.P. Minister of Finance
Department:	Finance
Incorporation and Status:	1967; by the *Canada Deposit Insurance Corporation Act* (R.S.C. 1985, c. C-3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Suite 1707 50 O'Connor Street P.O. Box 2340, Station D Ottawa, Ontario, K1P 5W5 (613) 996 - 2081
Chairperson:	Ronald McKinlay
Chief Executive Officer:	Jean Pierre Sabourin
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	1,329	644	591	732	735
Loans from Private Sector	nil	nil	nil	nil	582
Loans from Canada	1,904	1,283	1,439	1,747	1,258
Shareholder's Equity[1] - Balance of Fund	(590)	(643)	(851)	(1,017)	(1,108)
Operations					
Revenues	309	288	272	224	296
Net Income	53	208	166	90	138
Cash Flow	161	121	100	89	138
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	1,375	nil	nil	461	293
Payments to Canada					
Loan Repayments	785	150	320	nil	nil
Dividends	n.a.	n.a.	n.a.	n.a.	n.a.

[1] Represents deficiency of the Deposit Insurance Fund.
n.a. = not applicable.

CANADA DEVELOPMENT INVESTMENT CORPORATION

MANDATE

To effectively manage Crown corporations and investments assigned to it and to privatize its holdings when appropriate.

BACKGROUND

The Canada Development Investment Corporation (CDIC) manages its wholly-owned subsidiaries: Canada Eldor Inc. (successor to Eldorado Nuclear Limited), Cartierville Financial Corporation, and Theratronics International Limited. Canada Eldor Inc. (CEI) now holds a 19.3% interest in Cameco (after an initial public offering of treasury shares in July 1991, and a second offering of CEI's Cameco shares completed in April 1992). The remaining shares are expected to be sold by 1995. CDIC also holds shares in Ginn Publishing Canada Inc. (51%) and class II preferred shares in Varity Corporation. CDIC manages, on behalf of Canada, Teleglobe Canada and the government's holdings in National Sea Products Limited.

In November 1991, Nordion International Inc. was sold to MDS Health Group Limited for $165 million. Negotiations with respect to Theratronics International Limited will be pursued following resolution of safety issues with the U.S. Food and Drug Administration. During 1991, CDIC sold 450,000 common shares of Varity Corporation for $5.96 million, and continues to hold 1,250,000 class II preferred shares. CDIC managed the sale of the government's aggregate 53% interest in Telesat Canada to Alouette Telecommunications Inc., in April 1992 for $154.8 million.

Appropriate Minister:	The Honourable John McDermid, P.C., M.P. Minister of State (Finance and Privatization)	Head Office:	Suite 2703 Scotia Plaza 40 King Street West P.O. Box 320 Toronto, Ontario, M5H 3Y2 (416) 864 - 0333
Department:	Finance		
Incorporation and Status:	1982; by Canada Development Corporation under the *Canada Business Corporations Act*. Letters patent, May 26, 1982, Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.	Chairperson: Chief Executive Officer: Auditor:	Patrick J. Keenan Ward C. Pitfield Peat Marwick Thorne and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988[1] (restated)	1987
Financial Position					
Total Assets	423	621	657	1,095	285
Loans from Private Sector	676	600	549	731	nil
Loans from Canada[2]	38	158	142	118	nil
Shareholder's Equity (Deficiency)	(344)	(189)	(152)	140	226
Operations					
Revenues[3]	26.4	51.1	19.4	(13.6)	15.7
Net Income	(147.7)	(36.1)	(292.4)	(83.4)	(3.9)
Cash Flow	6.3	12.0	4.5	(0.1)	3.6
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	7.6	0.3	nil	3.0	56.5

[1] The financial statements of Eldorado Nuclear Limited were consolidated with those of the corporation from October 1, 1988 onwards. (Subsequent to that year-end, Eldorado's name was changed to Canada Eldor Inc.).
[2] Notes payable to Atomic Energy of Canada Limited.
[3] Revenues include corporate operations and equity pick-up of Cameco Corporation net income.

CANADA HARBOUR PLACE CORPORATION

MANDATE

To manage real property and promote the presence of the federal Government at Canada Place in Vancouver, British Columbia.

BACKGROUND

The Corporation was incorporated in 1982 to design, construct and manage Canada Place, a facility built by the federal government as its contribution to Expo 86 and as the location of the Canadian pavilion at Expo 86. The facility includes: a cruise ship terminal, a hotel, an office complex, a convention centre leased to the Province of British Columbia, a parking lot, and various commercial and public use areas. The government announced in the February 1990 Budget that the Corporation would be wound up and its assets transferred to another federal entity. Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* (which received Royal Assent on November 26, 1991), provides authority for the dissolution of the corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1982; by letters patent (no. 132316) under the *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Suite 1001 999 Canada Place Vancouver, British Columbia, V6C 3C1 (604) 682 - 8687
Chairperson and Chief Executive Officer:	James D. Maw
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	64.0	65.7	67.3	69.3	71.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	63.7	65.2	66.9	68.9	70.6
Operations					
Revenues	5.7	5.7	5.5	5.5	5.0
Net Income	(1.6)	(1.7)	(2.0)	(1.7)	(11.6)
Cash Flow	0.4	0.3	negl.	0.2	(3.4)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	2.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

CANADA LANDS COMPANY LIMITED

MANDATE

To acquire, purchase, lease, hold, improve, manage, exchange, sell, or otherwise deal in or dispose of real or personal property or any interest therein.

BACKGROUND

Formerly the Public Works Land Company Limited, Canada Lands Company Limited has not been involved in any financial transactions and as a result, the financial statements have nil balances. It has an active wholly-owned subsidiary, Old Port of Montreal Corporation Inc., which has been directed to report as a parent Crown corporation, and an inactive wholly-owned subsidiary, Canada Lands Company (Vieux-Port de Québec) Inc. It also holds two-thirds of the capital stock of the Canada Museums Construction Corporation Inc., and leases for two properties in London, England and two properties on Indian reserves in Canada. Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations on March 31, 1988. A decision has yet to be taken with respect to its formal dissolution pending the resolution of certain legal matters. Canada Lands Company (Mirabel) Limited, a former wholly-owned subsidiary of the corporation, ceased operations March 31, 1991 and was dissolved on January 8, 1992.

Appropriate Minister:	The Honourable Elmer MacKay P.C., M.P. Minister of Public Works
Department:	Public Works
Incorporation and Status:	1956; by letters patent; reorganized under the *Canada Business Corporations Act*, September 19, 1977. Certificate of Continuance under the *Canada Business Corporations Act* July 7, 1981; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Sir Charles Tupper Building Confederation Heights Tower F Riverside Drive Ottawa, Ontario, K1A 0M2 (613) 998 - 8118
Chief Executive Officer:	Lawrence J. O'Toole
Auditor:	Auditor General of Canada

FINANCIAL INFORMATION Financial year ending March 31.

The annual audited financial statements of Canada Lands Company Limited assign no value to any of its assets because the accounts of its subsidiaries are reported separately and any increases in the equity of the subsidiaries are not expected to accrue to the parent company.

CANADA LANDS COMPANY (MIRABEL) LIMITED

MANDATE

To administer, pending disposition, and sell on behalf of the Crown, properties peripheral to the Mirabel airport.

BACKGROUND

From July 1982, the corporation managed the lands which the Crown had acquired for the international airport at Mirabel but which were not required for the functioning of the airport. A program for the sale of all those properties was developed and implemented by the corporation. The corporation, having completed its mandate, ceased operations on March 31, 1991. The corporation was dissolved on January 8, 1992 following the disposal of its assets, in accordance with Subsections 91(1)(e) and 91(3)(b) of the *Financial Administration Act*. This abstract will not appear next year.

Appropriate Minister: The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works

Department: Public Works

Incorporation and Status: 1981; by Canada Lands Company Limited, under the *Canada Business Corporations Act*, A wholly-owned subsidiary of Canada Lands Company Limited. Until April 25, 1991, it had been directed to report its affairs as if it were a parent Crown corporation. An agent of Her Majesty.

Head Office: 9850 Belle Rivière
P.O. Box 180
Mirabel, Quebec, J0N 1S0

Chairperson and Chief Executive Officer: Jocelyne Ouellette

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92[1]	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	nil	0.6	1.0	1.2	2.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	negl.	1.3	1.7	5.8	24.0
Net Income[2]	negl.	(0.4)	(0.2)	1.5	17.2
Cash Flow	(0.3)	(1.7)	(1.8)	(4.9)	(6.9)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	0.1	1.0	4.7	5.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Financial summary as at January 8, 1992, date of dissolution.
[2] Represents "Excess of Proceeds over Expenditures."
negl. = negligible

CANADA MORTGAGE AND HOUSING CORPORATION

MANDATE

To promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions.

BACKGROUND

Established in 1946, the corporation conducts research, provides policy advice and acts as the government's agent in the provision of grants, contributions and subsidies for the advancement of housing and community development. Its mandate has been split into three categories:

The **Corporate Account's** primary activities are residual lending and land management. CMHC manages significant land holdings, for development and disposal, in partnership with the provinces and in its own portfolio. The loans and investments are made under all three planning elements: Market Housing, Social Housing and Housing Support with the major emphasis (approximately 75%) on Social Housing projects.

The **Minister's Account** delivers Market Housing, Social Housing and Housing Support Programs. Market housing programs assist private market stability and promote home ownership and cooperative housing. Social housing programs assist households in need, to obtain affordable, suitable and adequate shelter. The Housing Support programs pursue research and development on national housing standards, promote housing quality improvements, and provide other ancillary services including national housing statistics. Approximately 90% of the total activity relates to Social Housing.

The **Administered Funds** include four insurance and guarantee funds administered on behalf of the Government of Canada: Mortgage Insurance Fund; Mortgage-Backed Securities Guarantee Fund; Home Improvement Loan Insurance Fund; and the Rental Guarantee Fund. The Mortgage Insurance Fund facilitates mortgage lending by reducing the risk to lenders. The Mortgage-Backed Securities Guarantee Fund encourages the secondary market trading of mortgages. Together, the Mortgage Insurance Fund and the Mortgage-Backed Securities Guarantee Fund support market housing initiatives by ensuring availability of an adequate supply of mortgage funds. In March 1992, subsequent to the corporate year-end, $55 million of the surplus funds in the Mortgage Insurance Fund were remitted to Canada.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Head Office:	700 Montreal Road Ottawa, Ontario, K1A 0P7 (613) 748 - 2000
Department:	Public Works	Chairperson:	Claude F. Bennett
Incorporation and Status:	1946; by the *Central Mortgage and Housing Corporation Act*; (R.S.C. 1985, c. C-7). Amended March 16, 1979 to *Canada Mortgage and Housing Corporation Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty except when s. 14 of its Act applies.	Chief Executive Officer:	Eugene A. Flichel
		Auditor:	Deloitte & Touche and the Auditor General of Canada

CANADA MORTGAGE AND HOUSING CORPORATION — *concluded*

FINANCIAL SUMMARIES[1] ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Corporate Account:					
Financial Position					
Total Assets	8,862	9,057	9,213	9,306	9,540
Loans from Private Sector	38	39	nil	nil	nil
Loans from Canada	8,619	8,703	8,819	9,008	9,271
Shareholder's Equity	50	50	50	50	50
Operations					
Revenues	782	818	867	930	892
Net Income	18	11	31	50	35
Cash Flow	(91)	(47)[2]	32	62	80
Funding from Canada					
Loans and Investments	284	284	280	269	270
Loan Repayments	360	399	467	528	511
Payments to Canada					
Transfer of Net Income[3]	18	11	31	50	35
Minister's Account:					
Operations					
Expenditures	1,962	1,886	1,687	1,522	1,480
Budgetary Appropriations	1,981	1,971	1,593	1,529	1,473
Due from the Minister, end of year	16	35	120	26	33
Administered Funds - Mortgage Insurance Fund:					
Financial Position					
Total Assets	1,339	1,106	906	695	570
Shareholder's Equity	149	164	47	(116)	(259)
Operations					
Revenues	295	283	220	178	152
Net Income	(15)	117	163	142	175
Cash Flow	231	186	225	163	173
Administered Funds - Other Funds:					
Financial Position					
Total Assets	38	29	23	15	12
Shareholder's Equity	25	21	18	12	12
Operations					
Revenues	7	5	3	2	1
Net Income	3	4	5	1	1
Cash Flow	7	5	4	2	nil

[1] The financial statements of the Corporate Account, Minister's Account, the Mortgage Insurance Fund and other Insurance and Guarantee Funds have been presented separately to provide more meaningful information concerning the Corporation's activities.
[2] Comparative figures for 1990 were reclassified.
[3] Transfer of net income (after income taxes) to the Receiver General for Canada.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANDATE

To construct, in the National Capital Region, new buildings for the National Gallery of Canada, the Canadian Museum of Civilization, and any other museum that the Governor-in-Council may direct.

BACKGROUND

Construction of the new museum buildings has been completed and the corporation plans to cease active operations by December 30, 1992. The Order in Council authorizing the establishment of Canada Museums Construction Corporation (CMCC) (P.C. 1981-1838) states that, unless otherwise directed by the Governor-in-Council, the corporation is to be wound up after completion of the construction projects. Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* (which received Royal Assent on November 26, 1991), provides for a change in status of CMCC from parent Crown corporation to wholly-owned subsidiary of Canada Lands Company Limited. The corporation is to be wound-up once its operations have been finalized and its outstanding contractual obligations have been settled.

Appropriate Minister:	The Honourable Elmer MacKay, P.C, M.P. Minister of Public Works
Department:	Public Works
Incorporation and Status:	1982; by letters patent (No. 0132114) under the *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Room B-401 Sir Charles Tupper Building Riverside Drive Ottawa, Ontario, K1A 0M2 (613) 736 - 2220
Chairperson and Chief Executive Officer:	Lawrence J. O'Toole
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	3.1	6.3	202.9	177.1	249.9
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	0.3	(0.3)	187.2	155.5	226.1
Operations					
Revenues	nil	nil	nil	nil	nil
Net Income	nil	nil	nil	nil	nil
Cash Flow	nil	nil	nil	nil	nil
Funding from Canada					
Budgetary (operating & capital expenditures)	3.0	7.9	33.2	68.0	68.8
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

CANADA PORTS CORPORATION

MANDATE

To plan and coordinate the development of 15 ports, to achieve the objectives of the national ports policy and to support Canadian international trade objectives.

BACKGROUND

The corporation was established in 1983 with responsibility for the 15 ports across Canada that previously fell under the jurisdiction of the National Harbours Board. Parent Crown corporation status was subsequently given to seven of the local ports. The Canada Ports Corporation monitors the activities of the seven local port corporations and is directly responsible for the administration, management and control of the remaining eight ports: Belledune, Churchill, Port Colborne, Prescott, Port Saguenay/Baie des Ha! Ha!, Sept-Îles and Trois-Rivières. These 15 ports within the Ports Canada system handle nearly 50 per cent of Canadian port traffic.

Effective July 30, 1991, in accordance with an earlier shareholder agreement, the corporation acquired the remaining 50% of the outstanding shares of Ridley Terminals Inc., a coal terminal facility on Ridley Island in Prince Rupert, British Columbia, which became a wholly-owned subsidiary of Canada Ports Corporation. This purchase was fully financed by Canada.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1983; pursuant to the *National Harbours Board Act* (R.S.C. 1970, N-8, s.3); reconstituted by the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	8th Floor 99 Metcalfe Street Ottawa, Ontario, K1A 0N6 (613) 957 - 6787
Chairperson:	Arnold E. Masters
Chief Executive Officer:	Jean-Michel Tessier
Auditor:	Coopers & Lybrand

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	185.2	124.2	118.9	102.9	95.4
Loans from Private Sector	208.8	nil	nil	nil	nil
Loans from Canada	1.1	11.4	1.3	1.4	1.5
Shareholder's Equity (Deficiency)[1]	(86.9)	97.3	112.1	82.9	88.7
Operations					
Revenues	30.8	16.2	14.9	11.8	17.6
Net Income (Loss)	(255.9)[2]	2.4	0.8	(5.7)	(1.1)
Cash Flow	4.2	5.9	6.6	1.0	5.8
Funding from Canada					
Budgetary (operating & capital expenditures)	90.9[3]	9.8	29.4	2.8	2.1
Non-Budgetary (loans and investments)	10.0	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.1	0.1	0.1	0.1	0.1
Dividends	0.2	20.7	0.1	0.1	1.0

[1] Shareholder's Equity includes the Interport Loan Fund since 1989.
[2] Includes loss on acquisition of Ridley Terminals Inc. of $255.9 million.
[3] In 1991, Canada contributed $58.5 million to the corporation for the purchase of the remaining shares of Ridley Terminals Inc.

CANADA POST CORPORATION

MANDATE

To operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of Canadians.

BACKGROUND

The *Canada Post Corporation Act* requires the corporation to fulfill its mandate while improving and extending its products and services, and to conduct its operations on a self-sustaining financial basis. Canada provides support for the publishing industry, Northern parcel mail, parliamentary free mail, and blind persons' free mail by making payments to the corporation. The corporation does not receive operating subsidies from Canada. On April 30, 1992, the Government of Canada tabled legislation to amend the *Canada Post Corporation Act* to provide for the establishment of a share capital structure. The corporation would also be authorized to issue non-voting shares to its employees not to exceed ten percent of the issued and outstanding shares.

Canada Post Corporation's financial results for 1991-92 were less than expected because of a major labour disruption and poor economic conditions. During 1991-92, the corporation signed agreements with other international postal administrations to enter into a joint venture with TNT Ltd., a major global transportation company. The new venture allows Canada Post Corporation to provide courier and parcel products to virtually every country in the world.

Appropriate Minister:	The Honourable Harvie Andre, P.C., M.P. Minister of State and Leader of the Government in the House of Commons	Head Office:	Sir Alexander Campbell Building Confederation Heights Ottawa, Ontario, K1A 0B1 (613) 734 - 8440
Department:	Industry, Science and Technology	Chairperson:	Roger L. Beaulieu, Q.C.
Incorporation and Status:	1981; by the *Canada Post Corporation Act* (R.S.C. 1985, c. C-10); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.	Chief Executive Officer:	Donald H. Lander
		Auditor:	Ernst & Young, and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	2,462	2,662	2,508	2,734	2,626
Loans from Private Sector	55	55	nil	nil	nil
Loans from Canada	80	80	80	80	nil
Shareholder's Equity	1,312	1,445	1,490	1,643	1,612
Operations					
Revenues	3,873	3,785	3,756	3,509	3,139
Net Income	(128)	14	149	96	(38)
Cash Flow	28	201	164	282	85
Funding from Canada					
Budgetary (operating & capital expenditures)[1]	nil	nil	nil	nil	191
Non-Budgetary (loans and investments)	nil	nil	nil	80	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	6	60	nil	nil	nil

[1] Cultural publications and special mail support funding paid by the Department of Communications to Canada Post Corporation is not included in budgetary appropriations.

CANADIAN BROADCASTING CORPORATION

MANDATE

To provide radio and television services in both official languages incorporating a wide range of programming that informs, enlightens and entertains. The programming is to be predominantly and distinctively Canadian and contribute to a shared national consciousness and identity. The Canadian Broadcasting Corporation (CBC) is subject to the conditions of any licence or licences issued to it by the Canadian Radio-television and Telecommunications Commission (CRTC) and is subject to any applicable regulations of the CRTC.

BACKGROUND

The corporation was established as the national public broadcaster in 1936 by the *Broadcasting Act* and major amendments were made to this Act in 1958, 1968, and 1991. The most recent revisions to the *Broadcasting Act*, which came into force in June 1991, brought the control and accountability framework applicable to the CBC more in line with that of Crown corporations scheduled in the *Financial Administration Act*. The corporation operates a wide range of services including: English and French-language television and AM and FM radio networks, regional television stations and Northern radio and television services. It also offers three specialized services: 1) Newsworld, a 24-hour English-language information channel; 2) Radio Canada International, a shortwave service broadcasting recorded programs in 7 languages, and 3), up until November 1992, the parliamentary channels.

In 1991-92, the CBC implemented a restructuring and expenditure reduction plan in order to meet a projected $108 million shortfall. Measures included restructuring regional television services, ceasing local production in three television stations and downsizing eight others, operating the Parliamentary channels and Radio Canada International on a cost-recovery basis, and reducing its work force by approximately 1,100 positions.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications
Department:	Communications
Incorporation and Status:	1936, by the *Broadcasting Act* (R.S.C. 1985, c. B-9); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	1500 Bronson Avenue P.O. Box 8478 Ottawa, Ontario, K1G 3J5 (613) 724 - 1200
Chairperson:	Patrick Watson
President and Chief Executive Officer:	Gérard Veilleux
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	1,073	1,020	941	869	799
Loans from Private Sector	1	1	2	4	6
Loans from Canada	33	33	33	33	33
Shareholder's Equity	700	651	601	552	508
Operations					
Revenues	1,277	1,348	1,202	1,128	1,118
Net Income (loss)	(83)	(43)	(104)	(63)	(48)
Cash Flow	(11)	28	(32)	5	10
Funding from Canada					
Budgetary (operating & capital expenditures)	1,031	1,078	981	915	888
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

CANADIAN COMMERCIAL CORPORATION

MANDATE

To assist in the development of trade between Canada and other nations.

BACKGROUND

Established in 1946, the Canadian Commercial Corporation serves as prime contractor when other countries wish to purchase goods and services from Canada on a government-to-government basis. As well, it facilitates sales to international agencies.

The Government announced in the 1992 federal Budget that the Canadian Commercial Corporation would be integrated within the Department of Supply and Services. Ministerial responsibility for the corporation has been transferred from the Minister of International Trade to the Minister of Supply and Services.

Appropriate Minister: The Honourable Paul Dick, P.C., M.P. Minister of Supply and Services

Department: Supply and Services Canada

Incorporation and Status: 1946; by the *Canadian Commercial Corporation Act* (R.S.C. 1985, c. C-14); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: Metropolitan Centre
11th Floor
50 O'Connor Street
Ottawa, Ontario, K1A 0S6
(613) 996 - 0034

Chairperson and Chief Executive Officer: Nick Mulder

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	677.5	986.2	829.8	686.3	606.3
Loans from Private Sector[1]	382.9	540.7	410.0	353.0	314.7
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	46.2	45.3	40.1	33.8	29.4
Operations					
Revenues	761.3	704.5	689.8	645.3	687.7
Net Income	2.7	6.7	7.2	4.3	(1.9)
Cash Flow	2.7	6.7	7.2	4.3	(1.9)
Funding from Canada					
Budgetary (operating & capital expenditures)	14.1	14.9	17.1	15.3	11.8
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	1.8	1.4	0.9	nil	nil

[1] Represents obligations to foreign governments (i.e. progress payments).

CANADIAN DAIRY COMMISSION

MANDATE

To provide efficient producers of milk and cream with an opportunity to obtain a fair return for their labour and investment, and to provide consumers of dairy products with a continuous and adequate supply of high quality dairy products.

BACKGROUND

Established in 1966, the corporation administers the following elements of the federal dairy program: calculation of Target Price for milk and cream for industry; market support for the Target Price through a nationwide offer to purchase butter and skim milk powder; direct support payments on eligible milk and cream shipments; international marketing of dairy products not required for domestic consumption; receipt of levies collected by provinces from farmers to finance the cost of exporting products surplus to domestic requirements; and coordination of national supply management of industrial milk production.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture
Department:	Agriculture
Incorporation and Status:	1966; by the *Canadian Dairy Commission Act* (R.S.C. 1985, c. C-15); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Pebb Building 2197 Riverside Drive Ottawa, Ontario, K1A 0Z2 (613) 998 - 9490
Chairperson and Chief Executive Officer:	Roch Morin
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	233.6	232.4	242.7	222.8	212.2
Loans from Private Sector[1]	28.1	52.1	69.0	82.2	77.9
Loans from Canada	136.6	106.3	114.3	87.4	85.2
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	193.6	243.0	200.1	181.1	216.0
Net Income (Deficiency)	(6.5)	9.2	21.8	7.1	13.2
Cash Flow[2]	n.a	n.a	n.a	n.a	n.a
Funding from Canada					
Budgetary (operating & capital expenditures)[3]	258.6	270.0	287.5	290.2	287.0
Non-Budgetary (loans and investments)	234.9	252.6	278.2	279.7	299.7
Payments to Canada					
Loan Repayments	204.5	260.6	251.3	278.1	341.7
Dividends	n.a	n.a	n.a	n.a	n.a

[1] Represents direct support payments payable to producers plus the excess or deficiency of financing over producer levies.
[2] The corporation does not provide a Cash flow statement.
[3] Includes payments via the Agricultural Stabilization Board.
n.a = not applicable

CANADIAN FILM DEVELOPMENT CORPORATION

MANDATE

To foster and promote an independent film and television production industry in Canada through the development, production and distribution of Canadian motion pictures and videos, and through other forms of industry assistance.

BACKGROUND

The corporation, which is also known as Telefilm Canada, administers a variety of programs in support of the domestic film and television production industry. These programs include three funds, the Feature Film Fund, the Feature Film Distribution Fund and the Canadian Broadcast Program Development Fund. The Feature Film Fund was created in 1986 to support the production and development of feature films. The Feature Film Distribution Fund was established in 1988 to assist Canadian distribution companies in acquiring, marketing and distributing Canadian feature films. The Canadian Broadcast Program Development Fund, which dates back to 1983, provides assistance for Canadian television production. Through these and other programs (such as a script and project development program, a distribution and marketing program and international promotion activities), the corporation provided financial support to 350 production and development projects for film and television programs in 1991-92.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Head Office:	National Bank Tower 14th Floor 600 de la Gauchetière, West Montreal, Quebec, H3B 4L2 (514) 283 - 6363
Department:	Communications		
Incorporation and Status:	1967; by the *Canadian Film Development Corporation Act*, (R.S.C. 1985, c. C-16); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.	Chairperson:	Harvey A. Corn
		Chief Executive Officer:	Pierre DesRoches
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	31.5	20.8	47.8	35.0	27.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	19.3	15.1	14.8	24.2	19.9
Operations					
Revenues (interest on loans)	0.9	0.9	1.0	1.7	1.9
Net Income (cost of operations)	(140.8)	(144.9)	(155.0)	(124.5)	(108.4)
Cash Flow	(139.8)	(141.8)	(148.5)	(120.5)	(105.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	145.1	145.1	145.6	128.9	108.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

MANDATE

To increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective, with particular emphasis on arms control, disarmament, defence and conflict resolution.

BACKGROUND

The Canadian Institute for International Peace and Security (CIIPS) fulfills its mandate by: fostering, funding and conducting research; promoting scholarship; studying and proposing ideas and policies; and collecting and disseminating information on, and encouraging public discussion of, issues of international peace and security. The February 1992 federal Budget announced the Government of Canada's intention to dissolve the corporation. Bill C-63, *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, which was tabled in the House of Commons on March 10, 1992, seeks parliamentary authority for the dissolution of this corporation.

Appropriate Minister:	The Honourable Barbara McDougall, P.C., M.P. Secretary of State for External Affairs
Department:	External Affairs
Incorporation and Status:	1984; by the *Canadian Institute for International Peace and Security Act*, (R.S.C. 1985, c. C-18); amended (R.S.C. 1985, 1st Suppl. c. 46); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	Constitution Square 360 Albert Street Suite 900, 9th Floor Ottawa, Ontario, K1R 7X7 (613) 990 - 1593
Chairperson:	David Braide
Chief Executive Officer:	Bernard Wood
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	1.8	2.0	2.1	2.2	1.8
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	0.4	1.7	1.7	1.7	1.6
Operations					
Revenues[1]	5.1	5.2	5.2	5.1	4.1
Net Income (cost of operations)	(1.3)	(0.1)	negl.	0.2	0.2
Cash Flow	1.1	0.1	0.1	0.2	0.3
Funding from Canada					
Budgetary (operating & capital expenditures)	5.0	5.0	5.0	5.0	4.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes parliamentary appropriations received from Canada.
negl. = negligible

CANADIAN LIVESTOCK FEED BOARD

MANDATE

To ensure: availability of adequate feed grain to meet the needs of livestock feeders; availability of adequate storage for feed grain in eastern Canada; reasonable stability in prices for feed grain in eastern Canada, British Columbia and the Yukon and Northwest Territories; and fair equalization of feed grain prices in those regions.

BACKGROUND

Established in 1967, the Board executed its mandate by: subsidizing the transportation costs of feed grains; assessing requirements for feed grains and storage space and collecting and disseminating related information; and negotiating and coordinating the storage, handling, transportation and cost of feed grains. Its programs were financed by budgetary payments from Canada. The February 1990 federal Budget announced that the Board would be dissolved and its functions transferred to Agriculture Canada. Pursuant to Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* (which received Royal Assent on November 26, 1991), the Canadian Livestock Feed Board was dissolved on November 26, 1991 and its functions were transferred to Agriculture Canada. The *Livestock Feed Assistance Act* has been amended to transfer to the Minister of Agriculture the powers and duties previously assumed by the Board. This abstract will not appear next year.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture
Department:	Agriculture
Incorporation and Status:	1967; pursuant to the *Livestock Feed Assistance Act*, (R.S.C. 1985, c. L-10); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Suite 400 5180 Queen Mary Road P.O. Box 177, Snowdon Station Montreal, Quebec, H3X 3T4
Chairperson and Chief Executive Officer:	Griffith T. Meredith
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92[1]	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	2.8	1.9	1.9	2.4	2.1
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(0.2)	(0.4)	(0.9)	0.1	0.2
Operations					
Revenues	nil	nil	nil	nil	nil
Net Income (cost of operations)	(13.4)	(18.3)	(19.1)	(19.0)	(18.7)
Cash Flow	(13.4)	(18.3)	(19.1)	(19.0)	(18.7)
Funding from Canada					
Budgetary (operating & capital expenditures)	13.6	18.7	18.1	18.9	18.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Reflects financial position and operations for April 1, 1991 to November 26, 1991.

CANADIAN MUSEUM OF CIVILIZATION

MANDATE

To increase interest in, knowledge of, and appreciation and respect for human cultural achievements and behaviour throughout Canada and internationally by establishing for research and posterity a collection of objects of historical or cultural interest with special but not exclusive reference to Canada.

BACKGROUND

On July 1, 1990, the Canadian Museum of Civilization (CMC) became an autonomous Crown corporation under the *Museums Act*, Bill C-12. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada. The CMC also operates the Canadian War Museum (an affiliated museum dedicated to Canada's military history and continuing commitment to peacekeeping), and the National Postal Museum.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Head Office:	100 Laurier Street P.O. Box 3100, Station B Hull, Quebec, J8X 4H2 (819) 776 - 7000
Department:	Communications	Chairperson:	Peter A. Herrndorf
Incorporation and Status:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Chief Executive Officer:	George F. MacDonald
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**[1]
Financial Position		
Total Assets	26.0	23.7
Loans from Private Sector	nil	nil
Loans from Canada	nil	nil
Shareholder's Equity	13.4	10.9
Operations		
Revenues	6.4	4.2
Net Income (loss)	(38.9)	(28.5)
Cash Flow	(35.6)	(26.7)
Funding from Canada		
Budgetary (operating & capital expenditures)	41.5	29.4
Non-Budgetary (loans and investments)	nil	nil
Payments to Canada		
Loan Repayments	nil	nil
Dividends	nil	nil

[1] Financial summary for nine months ending March 31, 1991.

CANADIAN MUSEUM OF NATURE

MANDATE

To increase interest in, knowledge of, and appreciation and respect for the natural world throughout Canada and internationally by establishing, developing and maintaining for research and posterity a collection of natural history objects with special but not exclusive reference to Canada.

BACKGROUND

The Canadian Museum of Nature (CMN) evolved from the Geological Survey of Canada, which was established by Parliament in 1841 to investigate the geology and natural history of the Province of Canada. The CMN was established as an autonomous Crown corporation by the *Museums Act* on July 1, 1990. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications
Department:	Communications
Incorporation and Status:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Victoria Memorial Museum Building P.O. Box 3443, Station D Ottawa, Ontario, K1P 6P4 (613) 996 - 3102
Chairperson:	Norman E. Wagner, O.C., PhD., L.L.D.
Chief Executive Officer:	Alan R. Emery, PhD.
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**[1]
Financial Position		
Total Assets	8.2	5.8
Loans from Private Sector	nil	nil
Loans from Canada	nil	nil
Shareholder's Equity	0.5	0.8
Operations		
Revenues	2.1	1.0
Net Income (loss)	(19.5)	(13.8)
Cash Flow	(18.5)	(13.2)
Funding from Canada		
Budgetary (operating & capital expenditures)	19.2	13.6
Non-Budgetary (loans and investments)	nil	nil
Payments to Canada		
Loan Repayments	nil	nil
Dividends	nil	nil

[1] Financial summary for nine months ending March 31, 1991.

CANADIAN NATIONAL RAILWAY COMPANY

MANDATE

To operate a national railway system and other transportation and related services.

BACKGROUND

In 1919, the Canadian National Railway Company (CNR) was created from an amalgamation of 200 companies, many of which were insolvent. From the merger of these companies, CNR was required to produce one strong, commercially competitive system to serve the entire nation. It was recapitalized in 1937, 1952 and in 1978. In 1986, a subsidiary, CN Marine Inc., was incorporated as a separate parent Crown corporation and renamed Marine Atlantic Inc. In 1988, the corporation sold its hotel, telephone and telecommunication subsidiaries and applied the proceeds to reduce its corporate debt. In 1992, CNR sold its 3.7% interest in Telesat Canada.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Head Office:	16th Floor 935 de la Gauchetière, West Montreal, Quebec, H3B 2M9 (514) 399 - 5430
Department:	Transport	Chairperson:	Brian R.D. Smith, Q.C.
Incorporation and Status:	1919; by the *Canadian National Railway Act* which was superseded by the 1955 Act of the same name (R.S.C. 1985, c. C-19); Schedule III, Part II of the *Financial Administration Act*; Not an agent of Her Majesty.	Chief Executive Officer:	Paul Tellier
		Auditor:	Deloitte & Touche and Raymond, Chabot, Martin, Paré

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	6,965	7,028	7,105	6,906	7,594
Loans from Private Sector	1,751	1,712	1,769	1,842	2,752
Loans from Canada	133	148	161	173	185
Shareholder's Equity	3,531	3,546	3,540	3,375	3,101
Operations					
Revenues	4,057[1]	4,078[1]	4,202[1]	4,363	4,598
Net Income (loss)	(14)	8	206	283	121
Cash Flow	215	252	486	424	458
Funding from Canada					
Budgetary (operating & capital expenditures)[2]	10	14	17	29	21
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	15	13	12	12	24
Dividends[3]	nil	2	41	57	nil

[1] During 1991, changes were made to improve the classification of certain items and for comparative purposes the 1990 and 1989 figures have been reclassified.

[2] Excludes payments of a kind made to a general class of recipients (i.e., *Western Grains Transportation Act, Railway Act, Maritime Freight Rates Act,* etc.).

[3] Dividends are as reported in the statement of Retained Earnings. Amounts paid vary from amounts declared year to year. CNR also declared and paid a $35 million dividend subsequent to December 31, 1991 (on March 31, 1992).

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.

MANDATE

To collect monies due from the sale of eight steamships to Cuban interests.

BACKGROUND

The corporation, which provided a steamship service to the West Indies, has been inactive since 1958 when its fleet of eight ships was sold to Banco Cubana of Havana. In 1959, the corporate management was transferred to federal government officials for the purpose of collecting the proceeds from the sale. An irrevocable letter of credit issued through the Bank of America to cover the final principal payment was not honoured because of the imposition of the Cuban Assets Control Regulations by the U.S. government on July 3, 1963. The sole purpose of maintaining the company has been to collect the outstanding principal plus interest, totalling $1.6 million as of December 31, 1991. A payment was subsequently received and pursuant to the *Crown Corporations Dissolution Authorization Act* (which received Royal Assent on October 29, 1985), the corporation was dissolved on June 17, 1992 under the *Canada Business Corporations Act*. It was deleted from Schedule III-I of the *Financial Administration Act* on November 1, 1992.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P. Minister of Transport

Department: Transport

Incorporation and Status: 1927; created in 1927 under the *Dominion Companies Act* and continued under the *Canada Business Corporations Act*, November 21, 1978; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: c/o Transport Canada
Place de Ville
23rd Floor, Tower C
330 Sparks Street
Ottawa, Ontario, K1A 0N5
(613) 997 - 7357

Chairperson and Chief Executive Officer: Ron Jackson

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	1.6	1.5[1]	1.5	1.3	1.2
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	0.3	0.3	0.3	0.3	0.3
Shareholder's Equity	1.3	1.2[1]	1.2	1.0	0.9
Operations					
Revenues	0.2	0.1[1]	0.1	0.1	0.1
Net Income	0.2	0.1[1]	0.1	0.1	0.1
Cash Flow[2]	n.a	n.a	n.a	n.a	n.a
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil[3]	nil	nil	nil	nil

[1] Comparative figures for 1990 have been restated as a result of a prior period adjustment.
[2] The corporation does not provide a Cash flow statement.
[3] Subsequent to the year-end, the corporation collected the principal and interest outstanding and declared and paid a dividend of $1.3 million to the Government of Canada.
n.a = not applicable

CANADIAN PATENTS AND DEVELOPMENT LIMITED

MANDATE

To maximize benefits to Canada by the promotion and use of innovations produced by publicly-funded institutions and agencies, and by others, on behalf of the Crown.

BACKGROUND

The corporation makes available to the public the industrial and intellectual property resulting from government-funded research and development. It makes licensing arrangements with industry and monies received are used to cover most of its operating expenses. Awards are paid to inventors under the *Public Service Inventions Act*. As announced in the February 1990 federal Budget, the corporation is to be wound up. Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* (which received Royal Assent on November 26, 1991), provides for the dissolution of Canadian Patents and Development Limited.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade
Department:	Industry, Science and Technology
Incorporation and Status:	1947; by letters patent under the *Companies Act*; continued under the *Canada Business Corporation Act* in 1979; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	17th Floor 275 Slater Street Ottawa, Ontario, K1A 0R3 (613) 990 - 6100
Chairperson:	Jacques A. Léger
Chief Executive Officer:	Vacant
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92[1]	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	n.a	1.9	1.5	1.5	1.2
Loans from Private Sector	n.a	nil	nil	nil	nil
Loans from Canada	n.a	nil	nil	nil	nil
Shareholder's Equity	n.a	1.0	0.7	0.5	0.3
Operations					
Revenues	n.a	2.1	2.5	2.0	1.8
Net Income[2]	n.a	0.3	0.2	0.1	0.3
Cash Flow[2]	n.a	1.2	0.2	0.2	0.4
Funding from Canada					
Budgetary (operating & capital expenditures)	n.a	1.8	0.8	1.2	1.1
Non-Budgetary (loans and investments)	n.a	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	n.a	nil	nil	nil	nil
Dividends	n.a	nil	nil	nil	nil

[1] Financial data not available (n.a) at time of printing.
[2] Includes budgetary appropriations received from Canada.

CANADIAN SALTFISH CORPORATION

MANDATE

To regulate interprovincial and export trade in saltfish from participating provinces, Quebec (Lower North Shore) and Newfoundland, to improve earnings of primary producers of cured cod fish.

BACKGROUND

In accordance with its enabling legislation, the corporation must buy all saltfish offered to it which is of reasonable quality, and must conduct its operations on a self-sustaining financial basis. During 1991-92, the corporation cancelled its production contracts with former agents for the production of dried salted cod. In addition, the corporation relaxed its monopoly rights on the Island of Newfoundland and issued licences for the purchase and/or export of saltfish. Rather than acquiring and reselling producers' inventory, the corporation now earns a commission by offering marketing services to producers on the island of Newfoundland who wish to utilize its sales network. The corporation ceased operating its production facilities on the island of Newfoundland and these assets are being held for resale.

Appropriate Minister:	The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency	Head Office:	Saltfish Building Newfoundland Drive P.O. Box 9440 St. John's, Newfoundland, A1A 2Y3 (709) 772 - 6070
Department:	Fisheries and Oceans	Chairperson:	James G. Barnes
Incorporation and Status:	1970; by the *Saltfish Act* (R.S.C. 1985, c. S-4); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Chief Executive Officer:	Greg Viscount
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	5.2	8.4	16.3	28.5	27.6
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	32.8	31.4	44.0	41.0	28.9
Shareholder's Equity (Deficiency)	(29.0)	(25.6)	(34.7)	(15.3)	(5.4)
Operations					
Revenues	3.0	38.0	47.1[1]	73.3	85.2
Net Income	(3.5)	(5.9)	(19.4)	(9.9)	(1.2)
Cash Flow	(2.7)	(4.0)	(7.3)	(5.1)	0.1
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	15.0[2]	nil	nil	nil
Non-Budgetary (loans and investments)	1.5	nil	3.0	12.1	4.9
Payments to Canada					
Loan Repayments	0.1	12.6	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] During 1989-90, the corporation ceased providing marketing services and financing for frozen fish products.
[2] In 1990-91, the corporation received an ex-gratia payment from Canada.

CANADIAN WHEAT BOARD, THE

MANDATE

To market wheat and barley grown in western Canada in the best interests of western Canada's grain producers and to administer the *Prairie Grain Advance Payments Act*.

BACKGROUND

The Board was established in 1935 by an Act of Parliament and is responsible for all exports of wheat and barley grown in the prairie provinces and some parts of British Columbia. The Board thus provides Prairie farmers with a strong presence in the international grain market. The Board issues a government-guaranteed initial payment when the producer delivers grain. Receipts are pooled, and a final payment net of marketing costs is made after the full year's returns have been calculated. Historically, deficits are rare but if they occur they are, by statute, a charge upon the Consolidated Revenue Fund of Canada. The Board negotiates directly with customers or through accredited exporters. During or subsequent to the 1990-91 crop year, the Board, together with the Government of Canada, concluded bilateral rescheduling and debt reduction agreements with the following countries: Poland, Egypt and Zambia. As well, bilateral reschedulings of debt and/or deferral of certain obligations were agreed to for Jamaica, Peru and Russia.

World wheat production reached a record 598 million tonnes in 1990 and export volumes were at near-record levels. Nevertheless, wheat prices in real terms sank to their lowest level in the history of the Canadian Wheat Board. The depressed world price for grains resulted from the record world production and heavy export subsidies paid by some exporting countries. As a result, deficits totalling $744 million in three of the Board's four pool accounts were recovered from the Government of Canada.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture
Department:	Agriculture
Incorporation and Status:	1935; by *The Canadian Wheat Board Act* (R.S.C. 1985, c. C-24); Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	423 Main Street P.O. Box 816 Winnipeg, Manitoba, R3C 2P5 (204) 983 - 3416
Chief Commissioner:*	Lorne Hehn
Auditor:	Deloitte & Touche

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1990-91	**1989-90**	**1988-89**	**1987-88**	**1986-87**
Financial Position					
Total Assets	7,584	5,612	4,939	4,103	4,836
Loans from Private Sector	7,438	5,172	4,292	3,663	4,684
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues[1]	3,478	4,111	4,279	2,862	3,208
Net Income[1]	27	359	552	399	58
Cash Flow[2]	n.a	n.a	n.a	n.a	n.a
Funding from Canada					
Budgetary (operating & capital expenditures)[3]	784	15	112	16	128
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	n.a.	n.a.	n.a.	n.a.	n.a.

* Performs the functions and duties equivalent to a Chairperson and Chief Executive Officer.
[1] Receipts from the Government of Canada for deficits in any Pool account are included in Revenues and Net Income.
[2] The Canadian Wheat Board does not provide a Cash flow statement.
[3] Includes payments from the Government of Canada for deficits in Pool accounts.
n.a = not applicable

CAPE BRETON DEVELOPMENT CORPORATION

MANDATE

To operate, reorganize and rationalize coal production from the Sydney coal field. Its current corporate goal is to be a dependable supplier of quality coal and related energy products by operating a safe, commercially viable corporation.

BACKGROUND

The corporation was established in 1967 by the *Cape Breton Development Corporation Act* with a Coal Division and an Industrial Development Division. The Industrial Development Division's (IDD) mandate was to develop alternative employment opportunities and to broaden the base of the local Cape Breton economy, and pursuant to the *Government Organization Act, Atlantic Canada 1987*, it became Enterprise Cape Breton Corporation on December 1, 1988.

The remaining Coal Division (DEVCO) is the major employer in the Sydney/Glace Bay area with approximately 2,600 employees. The corporation operates three collieries (Lingan, Phalen and Prince) and fully integrated support facilities including a coal preparation plant, a complete railway transportation system and a shipping pier. The Lingan Colliery will be closed in 1993. The February 1992 federal Budget announced that a study would be carried out to determine the feasibility of privatizing the corporation.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade
Department:	Industry, Science and Technology
Incorporation and Status:	1967; by the *Cape Breton Development Corporation Act*, (R.S.C. 1985, c. C-25); Schedule III, Part I of the *Financial Administration Act*: An agent of Her Majesty.
Head Office:	95 Union Street P.O. Box 2500 Sydney, Nova Scotia, B1P 6K9 (902) 564 - 2848
Chairperson:	Michael H. Cochrane
Chief Executive Officer:	Ernest Boutilier
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**[1]	**1987-88**
Financial Position					
Total Assets	394	411	475	534	626
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	30	31	7	41	22
Shareholder's Equity	263	343	429	449	548
Operations					
Revenues	255	216	238	200	214
Net Income (loss)	(111)	(119)	(74)	(97)	(64)
Cash Flow	(9)	0.1	(9)	(30)	(6)
Funding from Canada					
Budgetary (operating & capital expenditures)	31	32	54	28	101
Non-Budgetary (loans and investments)	nil	24	nil	19	15
Payments to Canada					
Loan Repayments	1	nil	34	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Prior to 1988-89, financial data in this Summary represented the consolidation of data of the two divisions (Coal and IDD).

DEFENCE CONSTRUCTION (1951) LIMITED

MANDATE

To contract for and supervise major military construction and maintenance projects required by the Department of National Defence, and to provide technical and administrative assistance concerning construction matters to government departments and agencies on a cost-recovery basis.

BACKGROUND

Wartime Housing Limited, created in 1941, changed its name to Defence Construction (1951) Limited (DCL) in 1951. The construction and maintenance work undertaken by DCL encompasses the full spectrum of defence installations from dockyards and airfields, to training facilities, test ranges and research laboratories. Pursuant to a Memorandum of Understanding (MOU), the Department of National Defence provides the corporation with funding for its net disbursements.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Head Office:	Sir Charles Tupper Building 3rd Floor, A Wing Riverside Drive Ottawa, Ontario, K1A 0K3 (613) 998 - 9548
Department:	Public Works		
Incorporation and Status:	1951; by the *Defence Production Act* (R.S.C. 1985, c. D-1); continued under the *Canada Business Corporations Act*, November 21, 1978; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Chairperson and Chief Executive Officer:	J.R. Lorne Atchison
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	2.3	2.4	2.3	1.0	2.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(2.0)	(2.4)	(2.9)	(2.8)	(2.9)
Operations					
Revenues[1]	15.6	16.4	15.3	14.3	12.8
Net Income	0.4	0.5	(0.1)	0.2	negl.
Cash Flow	0.5	0.6	0.5	0.8	0.4
Funding from Canada					
Budgetary (operating & capital expenditures)	14.8	15.5	14.3	13.7	12.6
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Revenues include appropriations received from Canada (through the Department of National Defence).
negl. = negligible

ENTERPRISE CAPE BRETON CORPORATION

MANDATE

To promote and assist the financing and development of industry on the Island of Cape Breton, to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

BACKGROUND

On December 1, 1988, the Industrial Development Division (IDD) of the Cape Breton Development Corporation became a separate Crown corporation, Enterprise Cape Breton Corporation (ECBC). To ensure coordination of development policies within the region, this corporation reports to the Minister responsible through the Atlantic Canada Opportunities Agency (ACOA). The Agency and the corporation have the same President. Upon assuming the activities, programs and properties of the IDD, the corporation established revised programs to promote industrial development on Cape Breton Island and in the northeast part of the Nova Scotia mainland. The February 1992 federal Budget announced that the corporation is to be dissolved and its functions folded into ACOA.

Appropriate Minister: The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency

Department: Atlantic Canada Opportunities Agency

Incorporation and Status: 1988; by The *Government Organization Act, Atlantic Canada*, 1987. (S.C. 1988, c.50); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: P.O. Box 1750, 15 Dorchester Street, 4th Floor, Sydney, Nova Scotia, B1P 6T7, (902) 564 - 3600

Chairperson and Chief Executive Officer: Peter B. Lesaux

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89
Financial Position				
Total Assets	7.4	18.4[1]	25.7	33.4
Loans from Private Sector	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil
Shareholder's Equity	4.7	16.7	22.5	32.0
Operations				
Revenues	1.4	1.4[1]	4.1	1.1
Net Income	(18.0)	(15.3)	(16.8)	(2.8)
Cash Flow	(9.4)	(7.7)[1]	(8.8)	(1.8)
Funding from Canada				
Budgetary (operating & capital expenditures)	10.4	10.6	7.3	3.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil
Payments to Canada				
Loan Repayments	nil	nil	nil	nil
Dividends[2]	4.4	1.1	nil	nil

[1] Comparative figures for 1990-1991 were reclassified as a result of discontinued operations, i.e., the sale of all of the assets of its wholly-owned subsidiary, DARR (Cape Breton) Ltd.

[2] Represents net proceeds from the sale of assets remitted to Canada.

EXPORT DEVELOPMENT CORPORATION

MANDATE

As Canada's official export credit agency, the Export Development Corporation (EDC) is responsible for facilitating and developing export trade by the provision of credit insurance, loans, guarantees, and other financial services to promote Canadian export trade.

BACKGROUND

EDC helps Canadian exporters compete more effectively in international markets by reducing financial risks in support of export sales.

As an export credit agency and an Agent of Her Majesty in right of Canada, EDC benefits from Canada's membership in the Paris Club, an international group formed to deal on a multilateral basis with payment difficulties experienced by sovereign entities. Rescheduling agreements arranged are coupled with the International Monetary Fund disciplines to alleviate these payment problems. Canada compensates EDC for any financial consequences arising from Canada's participation in multilateral activities to provide debt and debt service reduction. In addition to its corporate activities, EDC administers for Canada certain export insurance and financing in support of export transactions considered to be in the national interest. This is known as the Canada Account. It is maintained separately from the corporation's accounts, and is consolidated with the financial statements of the Government of Canada.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade
Department:	External Affairs
Incorporation and Status:	1969; by the *Export Development Act*, (R.S.C. 1985, c. E-20); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Place Export Canada 14th Floor 151 O'Connor Street P.O. Box 655 Ottawa, Ontario, K1P 5T9 (613) 598 - 2500
Chairperson:	Maureen J. Sabia
Chief Executive Officer:	Paul Labbé
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

CORPORATE ACCOUNT	1991	1990	1989	1988	1987
Financial Position					
Total Assets	7,168	7,040	6,567	6,522	6,933
Loans from Private Sector	5,914	5,855	5,473	5,221	5,599
Loans from Canada	nil	nil	nil	nil	25
Shareholder's Equity	835	786	705	904	899
Operations					
Revenues	610	642	630	619	665
Net Income	33	6	(199)	4	2
Cash Flow	190	103	134	132	(26)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Loans and Investments	16	75	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	25	55
Dividends	nil	nil	nil	nil	nil
CANADA ACCOUNT					
Financial Position					
Assets administered for Canada	1,537	1,256	1,027	926	871
Budgetary Appropriations[1]	158	176	111	60	nil

[1] As at March 31, subsequent to the year-end of the corporation.

FARM CREDIT CORPORATION

MANDATE

To assist Canadian farmers to establish and develop viable farm enterprises through the provision of long-term credit and other financial services.

BACKGROUND

Since 1959, under the authority of the *Farm Credit Act*, the Farm Credit Corporation (FCC) has made mortgage loans to farmers for the purchase of farm land, livestock and machinery, for permanent farm improvements and for debt refinancing. Under the authority of the *Farm Syndicates Credit Act*, the corporation may make loans to groups of farmers for the joint acquisition of agricultural facilities and equipment. The maximum loan for an individual farm is $600,000 and for a syndicate is $100,000. The corporation maintains six regional offices and about 100 district and field offices. The government approved a financial restructuring for the FCC which covered the four-year period ended March 31, 1992 and established the operating policy within which the corporation is to operate. As at March 31, 1992, the FCC had 59,845 loans outstanding. Its head office was relocated to Regina, Saskatchewan in September 1992.

Appropriate Minister:	The Honourable William McKnight, P.C., M.P. Minister of Agriculture
Department:	Agriculture
Incorporation and Status:	1959; by the *Farm Credit Act* (R.S.C. 1985, c. F-2); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	1800 Hamilton Street P.O. Box 4320 Regina, Saskatchewan, S4P 4K7 (306) 780 - 8100
Chairperson and Chief Executive Officer:	James J. Hewitt
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	3,688	3,810	3,817	4,032	4,307
Loans from Private Sector	813	1,128	1,216	1,328	1,328
Loans from Canada	2,491	2,432	2,549	3,254	3,484
Shareholder's Equity (Deficiency)	268	147	(74)	(671)	(637)
Operations					
Revenues	406	426	423	407	384
Net Income	22	20	(3)	(35)	(512)
Cash Flow	43	24	8	(48)	(114)
Funding from Canada					
Budgetary (operating & capital expenditures)[1]	nil	nil	nil	nil	15
Non-Budgetary (loans and investments)	616	471	894	130	525
Payments to Canada					
Loan Repayments	456	388	999	360	346
Dividends	nil	nil	nil	nil	nil

[1] In addition to the direct payments from Canada, the corporation receives reimbursement from the Department of Agriculture for financial concessions to clients under arrangements made pursuant to the *Farm Debt Review Act*. Since the inception of the Farm Debt Review process, the corporation has offered $217 million in concessions and charged $163 million to the government, of which $42 million was billed in the current year and $121 million in prior years.

FEDERAL BUSINESS DEVELOPMENT BANK

MANDATE

To promote and assist in the establishment and development of business enterprises in Canada by providing financial assistance, management counselling, management training, information and advice; and by giving particular attention to the needs of small and medium-sized business enterprises.

BACKGROUND

As the successor to the Industrial Development Bank, the Bank, since 1974, has provided financial assistance to Canadian firms by acting as a supplementary lender and a source of equity financing. The Bank has two operating segments: Financial Services, comprised of the Loans Division and the Venture Capital Division, and Management Services which is supported by Parliamentary appropriations. During 1991-92, the Bank introduced a new product called Venture loans, with features of both a term loan and equity financing.

The Bank also administers on behalf of the Department of Communications, the Cultural Industries Development Fund (CIDF). The CIDF was developed to provide flexible financing and management counselling to businesses involved in Canadian cultural industries. This fund is not accounted for in the financial statements of the Bank.

Appropriate Minister:	The Honourable Michael H. Wilson, P.C., M.P. Minister of Industry, Science and Technology and Minister for International Trade	Head Office:	800 Victoria Square P.O. Box 335 Stock Exchange Tower Station Montreal, Quebec, H4Z 1L4 (514) 283 -3971
Department:	Industry, Science and Technology	Chairperson:	Bertrand J. Lavoie
Incorporation and Status:	1974; by the *Federal Business Development Bank Act* (R.S.C. 1985, c. F-6); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Acting Chief Executive Officer:	François Beaudoin
		Auditor:	Raymond, Chabot, Martin, Paré and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89[1]	1987-88[1]
Financial Position					
Total Assets	2,649	2,789	2,814	2,532	2,291
Loans from Private Sector	2,319	2,385	2,418	2,165	1,974
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	300	368	365	345	299
Operations					
Revenues	353	386	379	327	275
Net Income	(77)[2]	3	10	11	6
Cash Flow	4	69	70	95	62
Funding from Canada					
Budgetary (operating & capital expenditures)	15	15	33	62	77
Non-Budgetary (loans and investments)	9	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Figures were reclassified.
[2] Includes $79.0 million write down in long-term investments in Cominco.

FRESHWATER FISH MARKETING CORPORATION

MANDATE

The objectives of the corporation are to market fish in an orderly manner to increase returns to fishers; and to promote international markets for, and increase inter-provincial and export trade in, freshwater fish.

BACKGROUND

The corporation was created to improve the economic situation of commercial fisheries in Western Canada. The corporation has the exclusive right to market the products of the commercial fishery from the region it serves and is required by its enabling legislation to operate on a self-sustaining basis. Its products are sold in direct competition with producers from the Great Lakes area as well as competing against other fish products in an open marketplace.

Appropriate Minister:	The Honourable John Crosbie, P.C., M.P. Minister of Fisheries and Oceans and Minister for the Atlantic Canada Opportunities Agency
Department:	Fisheries and Oceans
Incorporation and Status:	1969; by the *Freshwater Fish Marketing Act* (R.S.C. 1985, c. F-13); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	1199 Plessis Road Winnipeg, Manitoba, R3C 3L4 (204) 983 - 6600
Chairperson:	Maurice Blanchard
Chief Executive Officer:	Tom Dunn
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending April 30.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	22.3	18.6	30.0	28.6	23.6
Loans from Private Sector[1]	10.3	3.2	1.7	8.1	16.3
Loans from Canada	5.4	9.9	21.1	14.0	2.0
Shareholder's Equity	3.8	3.4	3.3	3.0	2.7
Operations					
Revenues	51.5	52.1	49.4	55.1	58.1
Net Income	0.4	0.1	0.3	0.4	0.4
Cash Flow	2.0	1.7	1.6	1.4	1.5
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	7.1	12.0	1.1
Payments to Canada					
Loan Repayments	4.5	11.2	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes provision for final payments to fishers.

GREAT LAKES PILOTAGE AUTHORITY, LTD.

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the designated Canadian waters in the Great Lakes area in and around Ontario, in designated waters in Manitoba, and in the St. Lawrence River, south of the St. Lambert Lock in Quebec.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Great Lakes region. With the approval of the Governor-in-Council, the Authority has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); incorporated under the *Canada Corporations Act* in May 1972 as a subsidiary of The St. Lawrence Seaway Authority; Schedule III, Part I of the *Financial Administration Act;* Not an agent of Her Majesty.
Head Office:	132 Second Street East P.O. Box 95 Cornwall, Ontario, K6H 5R9 (613) 933 - 2991
Chairperson and Chief Executive Officer:	Richard G. Armstrong
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	2.8	2.8	4.3	4.5	4.6
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(3.2)	(2.8)	(1.2)	(0.9)	(2.0)
Operations					
Revenues	8.0	8.4	9.4	9.7	9.9
Net Income	(1.9)	(1.6)	(0.3)	negl.	(0.9)
Cash Flow	(1.5)	(1.3)	0.1	0.3	(0.7)
Funding from Canada					
Budgetary (operating & capital expenditures)	1.4	nil	nil	1.0	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

HALIFAX PORT CORPORATION

MANDATE

Administration, management and control of the Halifax Harbour and all works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Halifax Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P. Minister of Transport

Department: Transport

Incorporation and Status: 1984; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25 (1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: P.O. Box 336
Ocean Terminal
Halifax, Nova Scotia, B3J 2P6
(902) 426 - 3643

Chairperson: Donald A. Parker

Chief Executive Officer: David F. Bellefontaine

Auditor: Doane Raymond

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	68.9	70.0	69.4	65.0	62.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	2.7	3.1	3.5	3.8	4.1
Shareholder's Equity	62.8	62.1	62.4	58.4	55.2
Operations					
Revenues	14.0	16.0	15.6	13.9	13.3
Net Income	1.5	3.7	4.6	3.1	1.7
Cash Flow	3.7	5.8	6.8	5.1	3.7
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.4	0.4	0.3	0.3	nil
Dividends	2.2	2.5	0.6	0.2	0.3

HARBOURFRONT CORPORATION

MANDATE

Harbourfront Corporation operates, manages, maintains and develops the Harbourfront site in Toronto. Since January 1991, the activities of the corporation have focused specifically on implementing the recommendations of the Royal Commission on the Future of the Toronto Waterfront.

BACKGROUND

Harbourfront Corporation was created in 1972 from the assembly of lands owned and expropriated by the federal government. With participation from all levels of government, a mandate to support cultural, recreational and educational activities at the Harbourfront site was established in 1978. In addition to funding facilities for public use, the corporation also encouraged private sector development on the site.

On March 30, 1988, the federal government established the Royal Commission on the Future of the Toronto Waterfront to review the role, mandate and development plans of Harbourfront Corporation. Implementation plans were developed on the basis of the recommendations of the Commission. Under this plan, cultural, recreational and educational activities have been transferred to Harbourfront Centre, a local not-for-profit programming entity. A second entity, a charitable foundation, was established and will be responsible for managing the funds which will be generated from the disposition of the corporation's real estate assets, and will make contributions from that fund to support the public programming activities of Harbourfront Centre. Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* (which received Royal Assent on November 26, 1991), provides for the dissolution of Harbourfront Corporation.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works	Head Office:	Scotia Plaza, Suite 2703 P.O. Box 320 Toronto, Ontario, M5H 3Y2 (416) 864 - 0333
Department:	Public Works	Chairperson and Chief Executive Officer:	William J. McAleer, Q.C.
Incorporation and Status:	1936; as Terminal Warehouses Ltd, under the Ontario *Companies Act*; July 14, 1978, as Harbourfront Corporation, under the *Business Corporations Act* of Ontario; continued under the *Canada Business Corporations Act*, December 21, 1984; Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Auditor:	Peat Marwick Thorne and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91 (restated)[1]	1989-90	1988-89	1987-88 (restated)
Financial Position					
Total Assets	24.0	20.8	31.0	35.0	42.4
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	14.7	2.2	nil	nil	nil
Shareholder's Equity	5.9	15.1	25.2	30.9	38.7
Operations					
Revenues	6.1	7.9[1]	15.3	13.7	11.7
Net Income	1.4	(7.7)[2]	(5.2)	(5.4)	(3.8)
Cash Flow	1.5	0.9[1,2]	(5.0)	(4.9)	(3.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	3.6	3.6	nil	nil
Non-Budgetary (loans and investments)	12.5	2.2	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Comparative figures for 1990-91 were reclassified and restated for revenues from transferred activities which were previously reported in the results of continuing activities.
[2] Includes amounts pertaining to transferred activities between the corporation and Harbourfront Centre. Harbourfront Centre, a reorganized entity, pursuant to the Asset Transfer Agreement dated December 31, 1990, is responsible for all public programming activities.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANDATE

To initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development.

BACKGROUND

The International Centre for Ocean Development's (ICOD) programs are part of Canada's Official Development Assistance commitment. The Centre fosters and supports initiatives that help developing countries to improve their own management and use of ocean resources in a rational and sustainable manner. The focus is on island and coastal nations where ocean resources can have the maximum development impact. In February 1992, the federal Budget announced the Government's intention to dissolve ICOD and transfer necessary program resources to the Canadian International Development Agency (CIDA). Subsequent to that announcement, Bill C-63, *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, which was tabled in the House of Commons on March 10, 1992, seeks parliamentary authorization for the dissolution of this corporation.

Appropriate Minister:	The Honourable Monique Landry, P.C., M.P. Minister for External Relations and Minister of State (Indian Affairs and Northern Development)
Department:	External Affairs and International Trade
Incorporation and Status:	1985; *The International Centre For Ocean Development Act*, (R.S.C. 1985, 1st Suppl. c. 17); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	9th Floor 5670 Spring Garden Road Halifax, Nova Scotia, B3J 1H6 (902) 426 - 5240
Chairperson:	Danielle Wetherup
Chief Executive Officer:	Edward K. Langtry
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	3.5	2.7	1.8	1.3	0.2
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada[1]	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(2.1)	0.2	0.6	negl.	negl.
Operations					
Revenues[2]	2.8	2.3	2.3	0.6	0.2
Net Income[2] (Cost of Operations)	(14.3)	(12.6)	(9.6)	(8.0)	(6.4)
Cash Flow[2]	(12.0)	(12.6)	(9.6)	(8.0)	(6.4)
Funding from Canada					
Budgetary (operating & capital expenditures)	12.0	12.2	10.1	8.0	6.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Does not include advances from CIDA: 1992, $0.8 million; 1991, $1.0 million; 1990, $0.01 million; 1989, $0.6 million; 1988, nil.
[2] Does not include parliamentary appropriations.
negl. = negligible

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

MANDATE

To initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions.

BACKGROUND

The International Development Research Centre (IDRC) was created to help resolve, through research carried out by Third World scientists, the problems of poverty in the developing countries. To this end, it has established the following main program areas: Environment and Natural Resources, Health Sciences, Social Sciences, Information Sciences and Systems, and Corporate Affairs and Initiatives. The Prime Minister announced at the Earth Summit in Rio de Janeiro in June 1992 that the mandate of the IDRC will be broadened to emphasize sustainable development issues. The 1992 federal Budget announced that this Crown corporation is to become a departmental corporation.

Appropriate Minister:	The Honourable Barbara McDougall, P.C., M.P. Secretary of State for External Affairs
Department:	External Affairs
Incorporation and Status:	1970; by *The International Development Research Centre Act*, (R.S.C. 1985, c. I-19); Exempt from provisions of Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	13th Floor 250 Albert Street P.O. Box 8500 Ottawa, Ontario, K1G 3H9 (613) 236 - 6163
Chairperson:	Hon. Flora MacDonald
Chief Executive Officer:	Keith A. Bezanson
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	19.3	24.7	22.1	34.3	24.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	(1.9)	8.6	4.0	13.9	8.6
Operations					
Revenues[1]	123.5	122.5	121.1	121.3	112.4
Net Income (Loss)	(10.4)	4.5	(9.9)	5.3	6.0
Cash Flow	(4.5)	6.0	(8.5)	6.5	9.9
Funding from Canada					
Budgetary (operating & capital expenditures)	115.8	114.1	108.5	114.2	108.1
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes parliamentary appropriations.

LAURENTIAN PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the St. Lawrence River between Les Escoumins and the north end of the St. Lambert Lock, in the Saguenay River and in the Chaleur Bay.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the lower St. Lawrence River region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	Suite 1402 1080 Côte du Beaver Hall Montreal, Quebec, H2Z 1S8 (514) 288 - 6320
Chairperson and Chief Executive Officer:	Jacques Marquis, Q.C.
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	6.9	5.1	5.9	4.7	5.4
Loans from Private Sector	1.4	1.3	0.8	0.8	0.7
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(1.7)	(1.3)	(1.1)	(0.9)	(0.6)
Operations					
Revenues	29.0	28.6	28.0	27.0	27.2
Net Income	(5.1)	(2.2)	(1.8)	(1.8)	(1.7)
Cash Flow	(5.0)	(2.1)	(1.6)	(1.5)	(1.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	4.8	2.1	1.6	1.5	0.3
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

MARINE ATLANTIC INC.

MANDATE

To acquire, establish, manage and operate a marine transportation service; a marine maintenance, repair and refit service; a marine construction business and any service or business related thereto.

BACKGROUND

The company provides marine ferry services to Atlantic Canada. As CN Marine Inc., it was a subsidiary of the Canadian National Railway Company. Pursuant to the *Marine Atlantic Inc. Acquisition Authorization Act* (S.C. 1986, C. 36) proclaimed on June 27, 1986, the company's name was changed to Marine Atlantic Inc. and was added to Part I of Schedule III of the *Financial Administration Act*. In 1987 the corporation acquired Coastal Transport Limited and the Newfoundland Dockyard Corporation of St. John's. Coastal Transport Limited operates a ferry between New Brunswick ports. The Newfoundland Dockyard Corporation is reported as a discontinued operation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Head Office:	100 Cameron Street Moncton, New Brunswick, E1C 5Y6 (506) 851 - 3600
Department:	Transport	Chairperson:	Alan Scales, Q.C.
Incorporation and Status:	1979; by the *Canada Business Corporations Act*. Status and ownership changed as of December 31, 1986 (S.C. 1986, C. 36); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Chief Executive Officer:	Terry W. Ivany
		Auditor:	Peat Marwick Thorne and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	438.3	480.0[1]	484.0	354.0	335.0
Loans from Private Sector	nil	nil	0.2	3.7	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(3.3)	(2.9)[1]	(1.4)	1.0	(3.0)
Operations					
Revenues[2]	188.1	198.4	194.9	192.9	121.7
Net Income	(0.4)	(0.2)	(3.6)	2.4	3.1
Cash Flow	(0.1)	0.1[1]	(3.0)	4.4	(5.0)
Funding from Canada					
Budgetary (operating & capital expenditures)	127.2	132.8	271.9	132.6	128.7
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Comparative figures for 1990 were reclassified as a result of discontinued operations.
[2] Includes parliamentary appropriations as contract revenues.

MINGAN ASSOCIATES, LTD

MANDATE

Ownership of the corporation was purchased for Canada in 1983 to obtain certain land and fishing rights for eventual disposition.

BACKGROUND

The corporation's land was eventually transferred as Indian reserve property. Pursuant to Bill C-8, *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof*, on April 30, 1992 Mingan Associates, Ltd. was removed from Schedule III, Part I of the *Financial Administration Act*. This abstract will not appear next year.

Appropriate Minister:	The Honourable Tom Siddon, P.C., M.P. Minister of Indian Affairs and Northern Development
Department:	Indian Affairs and Northern Development
Incorporation and Status:	1983; by Order in Council P.C. 1983-4029; a corporation under Part 1A of the *Quebec Companies Act*; Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	Les Terrasses de la Chaudière 18th Floor 10 Wellington Street Hull, Quebec, K1A 0H4
Chairperson and Chief Executive Officer:	Vacant

FINANCIAL SUMMARY Financial year ending December 31, 1991.

All of the corporation's assets have been transferred to the Crown. The corporation had no business or activity during the 1991 calendar year.

Mingan Associates Ltd. had been an inactive corporation since 1983 and was removed from Schedule III, Part I of the *Financial Administration Act* on April 30, 1992.

MONTRÉAL PORT CORPORATION

MANDATE

To administer, manage and control the Montreal Harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Montréal Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. As the port of Montreal is eastern Canada's principal container port, two major container shipping lines decided to begin serving Canadian markets through its facilities in 1991.

Appropriate Minister: The Honourable Jean Corbeil, P.C., M.P. Minister of Transport

Department: Transport

Incorporation and Status: 1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: Montreal Port Building
Cité du Havre
Wing No. 1
Montreal, Quebec, H3C 3R5
(514) 283 - 7042

Chairperson: André Gingras

Chief Executive Officer: Dominic J. Taddeo

Auditor: Samson, Bélair and Deloitte & Touche

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	218.3	231.2	230.9	233.3	227.4
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	5.7	6.1	6.6	7.0	7.4
Shareholder's Equity	201.0	195.5	210.6	208.8	199.0
Operations					
Revenues	58.6	63.2	60.4	65.2	67.3
Net Income	8.1	10.8	5.2	14.0	15.4
Cash Flow	18.4	20.5	16.4	24.0	24.7
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.5	0.4	0.4	0.4	0.4
Dividends	15.0	13.6	3.3	4.3	4.1

NATIONAL ARTS CENTRE CORPORATION

MANDATE

To operate and maintain the Centre, to develop the performing arts in the National Capital Region and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

BACKGROUND

In 1969, the National Arts Centre Corporation leased the National Arts Centre complex for twenty years without charge. The lease was renewed to May 31, 1992. The corporation's revenues meet about 47 per cent of its expenses with payments from Canada covering the balance. The corporation is a charitable organization for the purposes of the *Income Tax Act*.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications	Head Office:	53 Elgin Street P.O. Box 1534, Station B Ottawa, Ontario, K1P 5W1 (613) 996 - 5051
Department:	Communications	Chairperson:	Robert E. Landry
Incorporation and Status:	1966; by the *National Arts Centre Act*, (R.S.C. 1985, c. N-3); Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.	Chief Executive Officer:	Yvon DesRochers
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending August 31.

	1990-91	1989-90	1988-89	1987-88	1986-87
Financial Position					
Total Assets	10.1	7.7	7.6	10.2	7.4
Loans from Private Sector	nil	1.0	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	0.5	(0.1)	0.3	1.1	1.6
Operations					
Revenues	16.4	18.8	20.7	17.9	16.6
Net Income	(18.4)	(16.8)	(16.3)	(15.9)	(14.4)
Cash Flow	(17.4)	(15.9)	(15.2)	(15.2)	(13.7)
Funding from Canada					
Budgetary (operating & capital expenditures)	24.3	17.7[1]	17.4	18.7	14.9
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Comparative figures for 1989-90 were reclassified.

NATIONAL CAPITAL COMMISSION

MANDATE

To prepare plans for and assist in the development, conservation and improvement of the National Capital Region; to organize, sponsor and promote public activities or events in the Region that enrich the cultural and social fabric of Canada; and to coordinate federal policies and programs for public activities and events related to the National Capital Region.

BACKGROUND

The National Capital Commission had its origins in 1899 with the creation of the Ottawa Improvement Commission (1899-1927), succeeded by the Federal District Commission (1927-1958) and the National Capital Commission in 1958. During 1991-92 the activities of the Commission included organizing Canada's 125th anniversary and promoting national unity. The Commission also implemented a Real Asset Management Strategy approved by Treasury Board and ten revenue-generating projects, including the introduction of user fees, land use approval fees and environmental assessment fees. A National Outreach Orientation Plan increases the understanding of the Capital outside the National Capital Region.

Appropriate Minister: The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works

Department: Public Works

Incorporation and Status: 1958; by the *National Capital Act* (R.S.C. 1985, c. N-4); Amended in 1988 (S.C. 1988, c. 54); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: 14th Floor
161 Laurier Avenue West
Ottawa, Ontario, K1P 6J6
(613) 239 - 5555

Chairperson: Marcel Beaudry

Chief Executive Officer: John D.V. Hoyles

Auditor: Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88 (restated)**
Financial Position					
Total Assets	365.9	350.9	343.7	324.4	319.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	336.3	317.4	301.2	282.8	285.8
Operations					
Revenues	41.0	40.1	33.1	18.9	15.7
Net Income[1]	8.2	6.6	6.3	(21.4)	(8.3)
Cash Flow[1]	(0.1)	(2.4)	10.8	(14.5)	(0.2)
Funding from Canada					
Budgetary (operating & capital expenditures)	89.9	90.1	94.1	91.3	103.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes parliamentary appropriations for operating purposes.

NATIONAL GALLERY OF CANADA

MANDATE

To develop, maintain and make known, throughout Canada and internationally, a collection of works of art, historic and contemporary, with special but not exclusive reference to Canada, and to further the knowledge, understanding, and enjoyment of art in general among all Canadians.

BACKGROUND

The National Gallery was founded in 1880 and was governed by various Acts of Parliament from 1913 to 1968 when the National Museums of Canada came into being. On July 1, 1990, the National Gallery of Canada became an autonomous Crown corporation under the *Museums Act*, Bill C-12. The National Gallery also operates the Canadian Museum of Contemporary Photography.

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications
Department:	Communications
Incorporation and Status:	July 1, 1990; by the *Museums Act* (S.C. 1990, c. 3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	380 Sussex Drive P.O. Box 427, Station A Ottawa, Ontario, K1N 9N4 (613) 990 - 1985
Acting Chairperson:	Kathleen Hermant
Chief Executive Officer:	Dr. Shirley L. Thomson
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**[1]
Financial Position		
Total Assets	20.7	23.4[2]
Loans from Private Sector	nil	nil
Loans from Canada	nil	nil
Shareholder's Equity	9.9	9.8[2]
Operations		
Revenues	2.8	2.6
Net Income (Cost of Operations)	(31.3)	(20.7)
Cash Flow	(29.0)	(19.1)
Funding from Canada		
Budgetary (operating & capital expenditures)	31.4	23.2
Non-Budgetary (loans and investments)	nil	nil
Payments to Canada		
Loan Repayments	nil	nil
Dividends	nil	nil

[1] Financial summary for the nine months ending March 31, 1991.
[2] Comparative figures for 1990-91 were reclassified.

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANDATE

To foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technological objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

BACKGROUND

The National Museum of Science and Technology (NMST) was founded in 1967. On July 1, 1990, the NMST was established as an autonomous Crown corporation under the *Museums Act*, Bill C-12. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada. The NMST also operates the affiliated National Aviation Museum (founded in 1960).

Appropriate Minister:	The Honourable Henry Perrin Beatty, P.C., M.P. Minister of Communications
Department:	Communications
Incorporation and Status:	1990, by the *Museums Act* (S.C. 1990, c. 3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	2380 Lancaster Road P.O. Box 9724, Ottawa Terminal Ottawa, Ontario, K1G 5A3 (613) 991 - 3044
Chairperson:	David M. Culver
Chief Executive Officer:	Geneviève Sainte-Marie
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**[1]
Financial Position		
Total Assets	10.1	11.1
Loans from Private Sector	nil	nil
Loans from Canada	nil	nil
Shareholder's Equity	5.5	5.0
Operations		
Revenues	1.0	0.6
Net Income (Cost of Operations)	(16.6)	(11.5)
Cash Flow	(15.5)	(10.7)
Funding from Canada		
Budgetary (operating & capital expenditures)	17.1	14.8
Non-Budgetary (loans and investments)	nil	nil
Payments to Canada		
Loan Repayments	nil	nil
Dividends	nil	nil

[1] Financial summary for the nine months ending March 31, 1991.

OLD PORT OF MONTREAL CORPORATION INC.

MANDATE

To promote the development of the lands of Le Vieux-Port de Montréal and to develop, administer, manage and maintain Crown property there.

BACKGROUND

Since February 1982, the corporation has managed the Crown lands at Le Vieux-Port, including lands transferred to the Crown in 1983 from Canada Ports Corporation. Planning and consultation with the public and with the other levels of government have resulted in plans for major developments on the lands. Through the auspices of the corporation, the Government of Canada participated in a series of projects in 1992 to commemorate the 350th anniversary of the founding of Montreal and the 125th anniversary of Confederation.

Appropriate Minister:	The Honourable Elmer MacKay, P.C., M.P. Minister of Public Works
Department:	Public Works
Incorporation and Status:	1981; by Canada Lands Company Limited, under the *Canada Business Corporations Act.* A wholly-owned subsidiary of Canada Lands Company Limited; directed by Order in Council (PC 1987-86) to report as if if it were a parent Crown corporation. An agent of Her Majesty.
Head Office:	333 rue de la Commune West Montreal, Quebec, H2Y 2E2 (514) 283 - 5256
Chairperson and Chief Executive Officer:	Benoît Lemay
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	16.5	6.1	2.8	1.8	0.9
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	4.1	4.5	3.2	2.2	1.1
Net Income[1] (net expenditures)	(42.5)	(14.5)	(4.4)	(6.4)	(3.6)
Cash Flow	(3.9)	(3.6)	(2.7)	(2.5)	(2.3)
Funding from Canada					
Budgetary (operating & capital expenditures)	40.5	13.6	6.0	7.3	3.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] The corporation has a statement of transactions which includes capital expenditures. The statement reconciles to "excess of net expenditures over direct proceeds".

PACIFIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer, a safe and efficient pilotage service within designated waters in and around British Columbia.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the British Columbia region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.
Head Office:	Suite 300 1199 West Hastings Street Vancouver, British Columbia, V6E 4G9 (604) 666 - 6771
Acting Chairperson and Chief Executive Officer:	Maurice Fellis
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	6.9	4.0	4.3	4.5	4.5
Loans from Private Sector	negl.	negl.	negl.	nil	nil
Loans from Canada	nil	nil	nil	nil	negl.
Shareholder's Equity	3.1	1.8	2.3	2.8	2.6
Operations					
Revenues	33.8	29.3	25.3	27.2	26.3
Net Income	1.3	(0.4)	(0.5)	0.1	negl.
Cash Flow	1.4	(0.3)	(0.3)	0.4	0.1
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

negl. = negligible

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION

MANDATE

To assist oil-importing developing countries to exploit their own hydrocarbon resources; to provide development assistance directly to Third World countries; and to be available as an executing agent for other institutions such as the World Bank.

BACKGROUND

Petro-Canada International Assistance Corporation (PCIAC) participated in oil and gas exploration in developing countries, conducted pre-exploration studies and provided technical assistance and training. Under the terms of an Operating Services Agreement, Petro-Canada acted as PCIAC's executing agent for the procurement of goods and services on a non-profit, cost-recovery basis. The February 1991 federal Budget announced the Government's intention to dissolve PCIAC and to deliver all energy aid through the Canadian International Development Agency (CIDA). Pursuant to Order-in-Council P.C. 1992-571, PCIAC was dissolved on April 1, 1992. This abstract will not appear next year.

Appropriate Minister: The Honourable Don Mazankowski[1], P.C., M.P. Deputy Prime Minister and Minister of Finance

Department: Finance

Incorporation and Status: 1981; under the *Canada Business Corporations Act*. A wholly-owned subsidiary of Petro-Canada Limited which by Order in Council (PC 1985-2957), was designated a parent Crown corporation with respect to Sections 122-125 and 150 of the *Financial Administration Act*; Not an agent of Her Majesty.

Head Office: c/o Department of Finance
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Chairperson and Chief Executive Officer: Frederick W. Gorbet

Auditor: Arthur Andersen & Co.

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	negl.	negl.	3.1	3.1	2.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	negl.	negl.	negl.	negl.	negl.
Operations					
Revenues[2]	13.7	43.0	49.3	60.5	67.4
Net Income	negl.	3.2	negl.	0.6	negl.
Cash Flow	negl.	3.2	negl.	0.6	negl.
Funding from Canada					
Budgetary (operating & capital expenditures)	13.7	43.0	49.3	60.5	67.4[3]
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] As of August 29, 1991, by Order in Council, the Minister of Finance, The Honourable Don Mazankowski, became the responsible minister for this corporation.
[2] Represents parliamentary appropriations.
[3] Includes funding for activity supporting CIDA's Pakistan projects, received via CIDA (in 1987-88, $5.3 million).
negl. = negligible

PETRO-CANADA LIMITED
(formerly PETRO-CANADA)

MANDATE

To hold Canada's interest in Petro-Canada International Assistance Corporation before its dissolution and to fulfil the government's debt obligations relating to Petro-Canada.

BACKGROUND

Incorporated in 1974 as **Petro-Canada** under the *Petro-Canada Act*, it was the parent Crown corporation responsible for establishing an integrated oil and gas business. Under the *Petro-Canada Public Participation Act* which received Royal Assent on February 1, 1991, it was renamed as **Petro-Canada Limited** and its principal operating subsidiary, Petro-Canada, was transferred to the Minister of State (Finance and Privatization). Petro-Canada Limited, as a continuing parent corporation, held Canada's interest in Petro-Canada International Assistance Corporation (PCIAC) until its dissolution and the outstanding agency debt of its former operating subsidiary, Petro-Canada. Refinancing arrangements are being made to transfer this present debt in an orderly manner to Petro-Canada. The *Petro-Canada Public Participation Act* allows for the dissolution of Petro-Canada Limited.

Appropriate Minister: The Honourable Don Mazankowski,[3] P.C., M.P. Deputy Prime Minister and Minister of Finance

Department: Finance

Incorporation and Status: 1975; by the *Petro-Canada Act* (R.S.C. 1985: c.P-11); continued as Petro-Canada Limited on February 1, 1991, under the *Petro-Canada Public Participation Act*; Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Head Office: c/o Department of Finance
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario, K1A 0G5
(204) 475 - 9090

Chairperson: Arni Thorsteinson

Chief Executive Officer: Vacant

Auditor: Arthur Andersen & Co. and the Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989 (restated)
Financial Position			
Total Assets	989	2,128	4,369
Loans from Private Sector	952	2,097	1,753
Loans from Canada	nil	nil	nil
Shareholder's Equity	4	nil[1]	2,585
Operations			
Revenues	160	236	185
Net Income	4	148[2]	6
Cash Flow	4	1	1
Funding from Canada			
Budgetary (operating & capital expenditures)	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil
Payments to Canada			
Loan Repayments	nil	nil	nil
Dividends	nil	35	nil

[1] The shareholder's equity was eliminated to reflect the transfer of the major operating subsidiary Petro-Canada Inc., subsequently renamed Petro-Canada, to the Minister of State (Finance and Privatization), upon passing of Bill C-84, *The Petro-Canada Public Participation Act* in the House of Commons, December 1990. This investment in Petro-Canada was formally transferred on February 1, 1991.

[2] Includes $159 million pertaining to earnings from investment in Petro-Canada (discontinued operations).

[3] As of August 29, 1991, by Order in Council, the Minister of Finance, The Honourable Don Mazankowski became the responsible minister for Petro-Canada Limited.

PORT OF QUÉBEC CORPORATION

MANDATE

To administer, manage and control the Harbour of Quebec and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Port of Québec Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The Port of Québec Corporation had a record year in 1991, handling a traffic volume of 18.5 million tonnes compared with 17.3 million in 1990.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1984; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	150 Dalhousie Street P.O. Box 2268 Quebec City, Quebec, G1K 7P7 (418) 648 - 3558
Chairperson:	Guy Boulanger
Chief Executive Officer:	Ross Gaudreault
Auditor:	Peat Marwick Thorne

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	62.4	67.8	72.1	70.3	67.9
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	58.1	56.6	68.0	66.4	63.9
Operations					
Revenues	16.9	13.8	14.6	13.5	12.4
Net Income	1.5	0.1	1.7	1.3	2.2
Cash Flow	4.6	2.2	3.8	3.3	2.5
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	1.4	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	11.4	0.1	0.3	negl.

negl. = negligible

PRINCE RUPERT PORT CORPORATION

MANDATE

To administer, manage and control the Prince Rupert Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Prince Rupert Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1984; letters patent of incorporation issued by the Minister of Transport, pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	110 Third Avenue, West Prince Rupert, British Columbia, V8J 1K8 (604) 627 - 7545
Chairperson:	Donald H. Seidel
Chief Executive Officer:	Donald H. Krusel
Auditor:	Peat Marwick Thorne

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987 (restated)
Financial Position					
Total Assets	114.4	112.0	101.1	88.7	84.2
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	68.7	67.7	54.6	48.3	48.3
Shareholder's Equity	44.5	43.5	42.4	39.2	34.8
Operations					
Revenues	15.4	15.2	15.4	15.9	15.6
Net Income	1.3	2.0	4.4	5.3	4.3
Cash Flow	3.7	3.9	5.1	5.9	5.5
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	12.7	4.5	nil	nil
Payments to Canada					
Loan Repayments	0.3	nil	nil	nil	nil[1]
Dividends	0.2	1.0	1.1	0.9	0.8

[1] In 1987, a recoverable loan from Canada of $38 million was forgiven.

ROYAL CANADIAN MINT

MANDATE

To mint coins in anticipation of profit and to carry out other related activities.

BACKGROUND

Founded in 1908 as a branch of the Mint of the United Kingdom, its operations were devolved to the Crown in right of Canada in 1931. Initially a departmental agency of the government, it was incorporated by legislation in 1969. *An Act to Amend the Royal Canadian Mint Act and the Currency Act,* which came into force on December 17, 1987 authorized share capital for the corporation. In 1989, a share capital structure was created for the Mint and shares were issued to Canada. The corporation operates in a competitive international environment. The Government announced in its February 1992 Budget its intention to conduct a review to determine whether it is appropriate and practical to privatize the corporation.

Appropriate Minister:	The Honourable Paul Dick, P.C., M.P. Minister of Supply and Services	Head Office:	320 Sussex Drive Ottawa, Ontario, K1A 0G8 (613) 993 - 3500
Department:	Supply and Services	Chairperson:	James Corkery
Incorporation and Status:	1969; by the *Royal Canadian Mint Act* (R.S.C. 1985, c. R-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.	Chief Executive Officer:	Maurice Lafontaine
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	99.8	107.8	101.2	121.4	127.4
Loans from Private Sector	nil	nil	nil	nil	0.1
Loans from Canada	10.9	13.5	16.2	84.2[1]	87.2[1]
Shareholder's Equity	60.0	65.0	56.9	9.8	1.1
Operations					
Revenues	297.4	606.2	749.5	892.6	1,032.8
Net Income	1.3	10.4	7.8	8.8	20.8
Cash Flow	4.4	13.2	10.5	17.0	36.9
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	40.0	nil	nil
Payments to Canada					
Loan Repayments	2.7	2.7	2.7	7.7	3.0
Dividends	6.3	2.3	60.4[2]	nil	12.8[2]

[1] Loans from Canada includes net earnings accumulated prior to the amendments to the *Royal Canadian Mint Act*, (Dec 1987) totalling $60.4 million in 1988 and 1987.

[2] Represents payment of net earnings accumulated prior to the amendment of the *Royal Canadian Mint Act*, December 1987.

SAINT JOHN PORT CORPORATION

MANDATE

To administer, manage and control the Saint John Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Saint John Port Corporation was established as a parent Crown corporation on December 31, 1986, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. Traffic reached a record level of 17.1 million tonnes in 1991. Two shipping lines initiated service between Saint John and Africa in 1991, and cruise ships brought an increased number of passengers to the Port.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1986; letters patent issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	133 Prince William Street P.O. Box 6429, Station A Saint John, New Brunswick, E2L 4R8 (506) 636 - 4869
Chairperson:	Harry P. Gaunce
Chief Executive Officer:	Kenneth Krauter
Auditor:	Ernst and Young

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	89.2	92.1	92.1	91.5	91.5
Loans from Private Sector[1]	19.7	19.7	nil	nil	nil
Loans from Canada	20.8	23.8	20.1	20.1	20.1
Shareholder's Equity	45.8	45.7	50.3	50.1	48.0
Operations					
Revenues	12.4	13.6	12.9	12.5	10.9
Net Income (loss)	0.1	0.3	0.2	2.1	(1.4)
Cash Flow	3.0	3.6	3.1	3.6	1.2
Funding from Canada					
Budgetary (operating & capital expenditures)	0.5	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	0.5
Dividends	nil	4.9	nil	nil	nil

[1] Obligation is owed to the province of New Brunswick for partial financing of the construction of the Rodney Terminal Complex, Saint John.

ST. JOHN'S PORT CORPORATION

MANDATE

To administer, manage and control the Harbour of St. John's and all the works and property within the harbour under its jurisdiction.

BACKGROUND

St. John's Port Corporation was established as a parent Crown corporation on June 1, 1985, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1985; letters patent issued by the Minister of Transport, pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	3 Water Street P.O. Box 6178 St. John's, Newfoundland, A1C 5X8 (709) 772 - 4582
Chairperson:	Fred M. Milley
Chief Executive Officer:	David J. Fox
Auditor:	Doane Raymond

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**
Financial Position					
Total Assets	17.8	17.3	16.5	16.9	15.6
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	2.7	2.9	3.1	3.3	2.5
Shareholder's Equity	14.3	13.5	12.7	12.3	12.2
Operations					
Revenues	3.7	3.6	3.2	2.8	2.5
Net Income	0.8	0.7	0.4	0.1	0.1
Cash Flow	1.7	1.7	1.2	0.8	0.9
Funding from Canada					
Budgetary (operating & capital expenditures)	0.1	1.3	2.1	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	0.8	0.9
Payments to Canada					
Loan Repayments	0.3	0.2	0.2	nil	nil
Dividends	negl.	nil	nil	nil	0.2

negl. = negligible

ST. LAWRENCE SEAWAY AUTHORITY, THE

MANDATE

To construct, operate and maintain canals, bridges, works and other property related to the deep waterway between the Port of Montreal and Lake Erie, known as the St. Lawrence Seaway.

BACKGROUND

The St. Lawrence Seaway Authority, established in 1954, constructed and operates the St. Lawrence Seaway in conjunction with an appropriate authority in the United States, and constructed, maintains and operates bridges and other works and property incidental thereto as the Governor-in-Council may deem to be necessary. The Authority operates 13 locks in Canadian territory and four high-level bridges traversing the St. Lawrence River. Two locks in the United States are operated by the St. Lawrence Seaway Development Corporation. Tolls may be established by filing with the National Transportation Agency or by agreement between Canada and the United States.

A wholly-owned subsidiary, the Seaway International Bridge Corporation, Ltd., established in 1962, manages the international bridge at Cornwall, Ontario. A second wholly-owned subsidiary, the Jacques Cartier and Champlain Bridges Incorporated, manages the two high-level bridges in Montreal since their transfer from the National Harbours Board in 1978. A third wholly-owned subsidiary, Great Lakes Pilotage Authority, Ltd. is a parent Crown corporation for the purposes of the *Financial Administration Act*. The Canadian span of the Thousand Islands Bridge at Lansdowne, Ontario has been directly administered by the Authority since this property reverted to Canada in 1976.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Head Office:	Constitution Square 14th Floor 360 Albert Street Ottawa, Ontario, K1R 7X7 (613) 598 - 4600
Department:	Transport		
Incorporation and Status:	1954; pursuant to section 3 of the *St. Lawrence Seaway Authority Act* (R.S.C. 1985, c. S-2); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Chairperson and Chief Executive Officer: Auditor:	Glendon R. Stewart Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial years ending March 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	600.1	593.5	600.3	604.5	603.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	567.0	566.3	573.7	576.5	576.8
Operations					
Revenues	73.7[1]	75.2	73.7	72.0	66.5
Net Income	0.7	(7.4)	(2.8)	(0.3)	(4.4)
Cash Flow	12.3	4.7	9.6	11.8	6.8
Funding from Canada					
Budgetary (operating & capital expenditures)	28.7	27.3	26.9	25.4	24.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Does not include lease price adjustment for Welland Canal (i.e., leasing revenue collected from Ontario Hydro from July 1988 to March 1991).

STANDARDS COUNCIL OF CANADA

MANDATE

To foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance and safety of buildings, structures, manufactured articles and products, and other goods not expressly provided for by law, as a means of advancing the national economy, benefiting the public, protecting consumers and facilitating trade, and furthering international cooperation in relation to standards.

BACKGROUND

The Council coordinates the activities of organizations involved in standardization in Canada, and represents Canada in international standardization organizations.

Appropriate Minister:	The Honourable Pierre Blais, P.C., M.P. Minister of Consumer and Corporate Affairs and Minister of State (Agriculture)	Head Office:	Suite 1200 World Exchange Plaza 45 O'Connor Street Ottawa, Ontario, K1P 6N7 (613) 238 - 3222
Department:	Consumer and Corporate Affairs	Chairperson:	Georges Archer
Incorporation and Status:	1970; by the *Standards Council of Canada Act* (R.S.C. 1985, c. S-16); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Chief Executive Officer:	Michael B. McSweeney
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	2.6	2.1	2.2	1.6	1.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.1	1.0	0.9	0.7	0.7
Operations					
Revenues[1]	2.1	1.6	1.5	1.1	1.0
Net Income[2]	0.1	0.1	0.2	(0.1)	(1.2)
Cash Flow	0.2	0.3	0.4	0.1	(1.0)
Funding from Canada					
Budgetary (operating & capital expenditures)	6.0	6.0	7.6	6.9	6.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Does not include parliamentary appropriation.
[2] Represents excess of parliamentary appropriation over cost of operations.

TELEGLOBE CANADA

MANDATE

To establish, maintain and operate, in Canada and elsewhere, international telecommunications services for the conduct of public communications. This mandate ended on April 3, 1987 with the sale of its business.

BACKGROUND

The corporation was established as the Canadian Overseas Telecommunications Corporation in 1949 and continued as Teleglobe Canada under the *Teleglobe Canada Act* in 1975. Following proclamation of the *Teleglobe Canada Reorganization and Divestiture Act*, the operating assets were transferred to a subsidiary (Teleglobe Inc.) and sold to Memotec Data Inc in 1987. The parent corporation continues to exist but is inactive. The corporation's activities consist of the management of its cash resources and the performance of other duties and functions leading to dissolution.

Appropriate Minister:	The Honourable John McDermid, P.C., M.P., Minister of State (Finance and Privatization)
Department:	Finance
Incorporation and Status:	1949; by the *Canadian Overseas Telecommunications Act* (R.S.C. 1985, c. T-4); 1975, *Teleglobe Canada Act*; Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	Suite 2703 Scotia Plaza P.O. Box 320 Toronto, Ontario, M5H 3Y2 (416) 864 - 0333
Chairperson and Chief Executive Officer:	Vacant
Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988**	**1987**[1]
Financial Position					
Total Assets	0.3	0.3	0.3	2.9	84.8
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	0.3	0.3	0.3	2.7	84.8
Operations					
Revenues	negl.	negl.	0.2	5.2	2.3
Net Income	negl.	negl.	0.1	2.9	215.0[2]
Cash Flow	negl.	negl.	0.1	2.9	1.0
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	2.6
Dividends	nil	nil	2.5	85.0	440.5[3]

[1] Reflects the status of the corporation prior to privatization during 1987.
[2] Includes gain realized on privatization of $214 million.
[3] Includes $119.2 million income tax paid on profits on the sale of Teleglobe's assets and business.
negl. = negligible

VANCOUVER PORT CORPORATION

MANDATE

To administer, manage and control the Vancouver Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Vancouver Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

In 1991, the Vancouver Port Corporation posted its second strongest performance ever, handling about 71 million tonnes of cargo, an increase of 6 percent over 1990. A record was also set by the port's cruise business, as the Vancouver-Alaska cruise carried 424,000 revenue passengers. In 1991, the corporation progressed to Phase Two of its "Port 2010" land management program.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport
Department:	Transport
Incorporation and Status:	1983; letters patent of incorporation issued by the Minister of Transport pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Head Office:	1900 Granville Square 200 Granville Street Vancouver, British Columbia, V6C 2P9 (604) 666 - 8966
Chairperson:	Patrick Reid
Chief Executive Officer:	Captain Norman C. Stark
Auditor:	Peat Marwick Thorne

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	1990	1989	1988	1987
Financial Position					
Total Assets	318.7	307.9	303.4	291.7	251.5
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	3.3	3.5	3.7	3.9	4.1
Shareholder's Equity	294.5	274.2	287.8	267.6	235.5
Operations					
Revenues	69.3	68.5	62.2	58.7	50.7
Net Income	29.0	30.2	28.4	38.1	21.2
Cash Flow	37.6	38.4	36.4	35.0	27.7
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.3	0.2	0.2	0.2	0.2
Dividends	8.7	43.9	8.1	6.0	5.8

VIA RAIL CANADA INC.

MANDATE

To manage and provide safe, efficient, effective and economic rail passenger service in Canada to meet the needs of the travelling public.

BACKGROUND

In accordance with contracts with the Minister of Transport, VIA Rail Canada Inc. (VIA) operates passenger train services over Canadian National Railway Company and Canadian Pacific Limited railway tracks. In the April 1989 federal Budget, the government announced reductions in planned funding for the corporation. A revised network, which was part of a new business plan that included increased fares and service reductions, was implemented on January 15, 1990. In 1991 VIA's ridership and passenger revenues increased over the previous year, by 3 percent and 5 percent, respectively.

Appropriate Minister:	The Honourable Jean Corbeil, P.C., M.P. Minister of Transport	Head Office:	2 Place Ville-Marie 6th Floor P.O Box 8116, Station A Montreal, Quebec, H3B 2C9 (514) 871 - 6000
Department:	Transport		
Incorporation and Status:	1977; under the *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Chairperson:	Lawrence Hanigan
		Chief Executive Officer:	Ronald Lawless
		Auditor:	Auditor General of Canada

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1991	**1990**	**1989**	**1988 (restated)**	**1987 (restated)**
Financial Position					
Total Assets	914	932	938	1,070	954
Loans from Private Sector	nil	nil	nil	nil	negl.
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	665	663	606	839	769
Operations					
Revenues[1]	478	493	720	733	715
Net Income[2]	(39)	26	(294)	(57)	6
Cash Flow	6	67	(163)	(4)	99
Funding from Canada					
Budgetary[3] (operating & capital expenditures)	368	382	532	637	536
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil

[1] Includes parliamentary appropriations as contract revenues.
[2] Represents "excess of revenue over expense (or expense over revenue)".
[3] Not including network re-structuring recovery.
negl. = negligible

Financial Summary Terminology

The terminology below pertains to the Financial Summary section of the Corporate Abstracts.

FINANCIAL POSITION:

- **Total Assets**: represents all assets reported by the corporation in its audited financial statements.
- **Loans from Private Sector**: short-term borrowings, long-term borrowings, capital leases plus any other debt-like instrument. For the marketing boards (Canadian Dairy Commission, The Canadian Wheat Board, and Freshwater Fish Marketing Corporation), loans may include payments accruing to farmers, dairy producers and fishers.
- **Loans from Canada**: short-term borrowings, long-term borrowings, advances from the Government of Canada for working capital or other purposes, and other debt-like instruments.
- **Shareholder's Equity**: represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations (i.e., marketing boards).

OPERATIONS:

- **Revenues**: includes revenues from all sources generated by the corporation. The amount includes income from: commercial activities, interest income, other income such as gain on sale of assets, and Parliamentary appropriations where these are specifically included in revenues by the corporation.
- **Net Income (Loss)**: is after taxes, where applicable, and any extraordinary items. It includes Parliamentary appropriations where the corporations have included these in the computation of Net Income (Loss). In some cases, Net Income (Loss) is the "Excess of Parliamentary appropriations over cost of operations" or "Excess of Proceeds over Expenditures".
- **Cash Flow**: is defined as Net Income (Loss) from operations plus or minus non-cash charges (or credits) to operations, for example, depreciation, amortization, gain on disposal of assets, write-down of properties, etc. Cash flow does not include changes in working capital items. It does include Parliamentary appropriations where the corporation includes these in the computation of net income.

FUNDING FROM CANADA:

- **Budgetary (operating and capital expenditures)**: are Parliamentary appropriations for capital and operating purposes. The amounts exclude grants and contributions paid to Crown corporations where they qualify as members of a general class of recipients. An example of such an exclusion is payments to the Canadian National Railway Company under the *Maritime Freight Rates Act*. Budgetary appropriations increase the expenditures of Canada and thus have a direct impact on the federal deficit.
- **Non-Budgetary (loans and investments)**: represents loans and ownership interests (i.e. contributed capital or share capital) invested by the Government of Canada during the year. These loans and investments do not have an impact on the federal deficit as they are recorded as assets of Canada. At the end of the fiscal year (March 31), a general provision for valuation is taken in the accounts of Canada on the entire stock of loans and investments to reflect estimated losses on realization.

PAYMENTS TO CANADA:

- **Loan Repayments**: payments made during the year by the corporation to the Government of Canada on loans outstanding.
- **Dividends**: are dividends declared by the corporation during the fiscal year of the corporation. Figure includes cash recoveries by Canada (where applicable), and other types of payments or contributions made to Canada. Dividends may be paid by the corporation to the Government of Canada before or after the corporation's year-end.

PART III

TABLINGS IN PARLIAMENT FOR PARENT CROWN CORPORATIONS: ANNUAL REPORTS AND SUMMARIES OF CORPORATE PLANS AND BUDGETS

During the year ended July 31, 1992

Part III — Tablings in Parliament For Parent Crown Corporations: Annual Reports and Summaries of Corporate Plans and Budgets

Table of Contents

Part III - Page

Introduction

Part III of this report shows the tablings in Parliament of Crown corporation documents by appropriate Ministers for the twelve-month period ending July 31, 1992. For each Crown corporation the deadlines for tabling and the dates of actual tabling of the corporation's Corporate Plan Summary, its Capital (and, if applicable, Operating) Budget Summary, and its Annual Report are presented.

The provision of adequate and timely information to Parliament is a major objective of the control and accountability regime for Crown corporations. To meet that objective, Ministers responsible for Crown corporations table a Corporate Plan Summary, a Capital Budget Summary and an Annual Report in Parliament for each Crown corporation listed under Part I and Part II of Schedule III of the *Financial Administration Act* (FAA). In addition, an Operating Budget Summary is tabled for Crown corporations listed in Part I of Schedule III.

The Corporate Plan and Budget Summaries inform Parliamentarians of the major strategic and financial elements contained in each Crown corporation's five-year approved Corporate Plan and Budget(s). The summaries are based on the approved Corporate Plan and Budgets and cover the businesses, activities and investments of a corporation and of its wholly-owned subsidiaries with respect to its future operations. The corporation's Annual Report informs Parliament of a corporation's performance relative to the objectives, strategies and activities approved by the government and tabled in the previous Corporate Plan and Budget Summaries. Information on annual reports and budget summaries may be obtained by contacting the individual corporations. The "Corporate Abstracts" presented in Part II of this report provide Crown corporation addresses and telephone numbers.

The deadlines for the tabling of a Corporate Plan Summary or a Budget Summary by a Minister depend on the approval date, by the Governor-in-Council or Treasury Board, of the actual Corporate Plan or Budget. For Annual Reports, each Crown corporation is required to submit an Annual Report to the appropriate Minister within three months from the end of its financial year. The prescribed deadlines are:

Annual Report: 15 sitting days after receipt by the appropriate Minister, not to exceed three months plus 15 sitting days.

Corporate Plan Summary: 30 sitting days after approval of the Corporate Plan by the Governor-in-Council. Budget Summaries have the same deadline when the Budget(s) are included with the Corporate Plan approval. Summaries of amended corporate plans have this same deadline.

Capital and Operating Budget Summaries: 30 sitting days after Treasury Board approval of the Budgets. Summaries of amended budgets have this same deadline.

The record of tablings of annual reports and summaries for the twelve-month period ending July 31, 1992, in the following tables, provides information concerning: a) those documents due to be tabled during the current reporting period, and b) those documents due to be tabled in a previous reporting period and actually tabled during the current one. This record of tablings is prepared in accordance with Section 152(1) of the FAA. Section 152(2) of the FAA, requires the Auditor General of Canada to attest to the accuracy of this information in the Auditor General's annual report to the House of Commons.

TABLINGS IN PARLIAMENT FOR PARENT CROWN CORPORATIONS: ANNUAL REPORTS AND SUMMARIES OF CORPORATE PLANS AND BUDGETS

During the year ended July 31, 1992

CROWN CORPORATION / Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
a) Due during the twelve months ending July 31, 1992.				
ATLANTIC PILOTAGE AUTHORITY				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1991 Annual Report	92.05.05	92.05.22	92.04.27	92.05.05
ATOMIC ENERGY OF CANADA LIMITED				
1990/91 Annual Report	91.10.03	91.11.26	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.05.14	92.06.16		
1992/93 Capital Budget Summary	92.05.14	92.06.16		
1992/93 Operating Budget Summary	92.05.14	92.06.16		
CANADA DEPOSIT INSURANCE CORPORATION				
1991-95 Corporate Plan Summary — Amendment[(1)]	92.03.19	92.05.21	92.03.20	92.03.24
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.20	92.03.24
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.20	92.03.24
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.20	92.03.24
1991 Annual Report	92.05.05	92.05.22	92.05.05	92.05.06
CANADA DEVELOPMENT INVESTMENT CORPORATION				
1991-95 Corporate Plan Summary — Amendment	92.03.18	92.05.19	92.03.11	92.03.17
1991 Capital Budget Summary — Amendment	92.03.18	92.05.19	92.03.11	92.03.17
1992-96 Corporate Plan Summary	92.03.18	92.05.19	92.03.11	92.03.17
1992 Capital Budget Summary	92.03.18	91.05.19	92.03.11	92.03.17
1991 Annual Report	92.05.05	92.05.22	92.05.04	92.05.05
CANADA HARBOUR PLACE CORPORATION[(2)]				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary[(3)]				
1992/93 Capital Budget Summary	92.06.12	3rd Qtr		
1992/93 Operating Budget Summary	92.06.12	3rd Qtr		
CANADA LANDS COMPANY LIMITED				
1990/91 Annual Report	91.10.04	91.11.28	91.09.30	91.10.02
1992/93-1996/97 Corporate Plan Summary	92.04.30	92.06.10	92.03.24	92.03.26
1992/93 Capital Budget Summary	92.04.30	92.06.10	92.03.24	92.03.26
1992/93 Operating Budget Summary	92.04.30	92.06.10	92.03.24	92.03.26
CANADA LANDS COMPANY (MIRABEL) LIMITED[(4)]				
1990/91 Annual Report	91.10.04	91.11.28	91.09.30	91.10.02

CROWN CORPORATION	Deadline for Tabling		Date Tabled	
Documents to be Tabled	House of Commons	Senate	House of Commons	Senate
CANADA MORTGAGE AND HOUSING CORPORATION				
1991 Capital Budget Summary				
— Amendment 1	92.03.11	92.05.11	92.03.09	92.03.17
— Amendment 2	92.03.20	92.05.22	92.03.09	92.03.17
1991 Operating Budget Summary				
— Amendment 2	91.11.01	92.02.19	92.03.09	92.03.17
— Amendment 3	92.03.11	92.05.11	92.03.09	92.03.17
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.09	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.09	92.03.17
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.09	92.03.17
1991 Annual Report	92.05.05	92.05.22	92.04.27	92.05.05
CANADA MUSEUMS CONSTRUCTION CORPORATION INC.(2)				
1990/91 Annual Report	91.10.04	91.11.28	91.09.30	91.10.02
1992/93-1996/97 Corporate Plan Summary	92.05.07	92.06.11	92.03.24	92.03.25
1992/93 Capital Budget Summary	92.05.07	92.06.11	92.03.24	92.03.25
1992/93 Operating Budget Summary	92.05.07	92.06.11	92.03.24	92.03.25
CANADA PORTS CORPORATION				
1991-95 Corporate Plan Summary — Amendment	91.11.01	92.02.19		
1991 Capital Budget Summary — Amendment	91.11.01	92.02.19		
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
CANADA POST CORPORATION				
1991/92-1995/96 Corporate Plan Summary — Amendment	92.03.19	92.05.21	92.06.19	92.06.22
1990/91 Annual Report	91.09.30	91.11.19	91.06.18	91.06.19
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.19	92.06.22
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.19	92.06.22
1991/92 Annual Report	4th Qtr	4th Qtr	92.06.19	92.06.22
CANADIAN COMMERCIAL CORPORATION(6)				
1990/91 Annual Report	91.10.01	91.11.20	91.06.19	91.06.21
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1991/92 Annual Report	4th Qtr	4th Qtr	92.06.23	
CANADIAN DAIRY COMMISSION				
1991/92-1995/96 Corporate Plan Summary(7)	91.11.01	92.02.19	91.10.21	91.10.22
1991/92 Capital Budget Summary(7)	91.11.01	92.02.19	91.10.21	91.10.22
1991/92 Operating Budget Summary(7)	91.11.01	92.02.19	91.10.21	91.10.22
1990/91 Annual Report	91.11.28	91.12.16	91.11.07	91.11.19
CANADIAN LIVESTOCK FEED BOARD(2)(8)				
1990/91 Annual Report	91.10.04	91.11.28	91.09.18	91.09.24
April 1, 1991 - November 25, 1991 Annual Report(8)	92.03.24	92.05.05	92.05.13	92.05.14

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADIAN MUSEUM OF CIVILIZATION				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
CANADIAN MUSEUM OF NATURE				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
CANADIAN NATIONAL RAILWAY COMPANY				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1991 Annual Report	92.05.01	92.05.20	92.04.09	92.05.05
CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.(9)				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.12	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.12	92.03.17
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.12	92.03.17
1991 Annual Report	92.05.04	92.05.21	92.04.27	92.05.05
CANADIAN PATENTS AND DEVELOPMENT LIMITED(2)				
1990/91 Annual Report	91.10.04	91.11.28	91.10.10	91.10.11
1992/93-1996/97 Corporate Plan Summary	4th Qtr	4th Qtr		
1992/93 Capital Budget Summary(10)				
1992/93 Operating Budget Summary	4th Qtr	4th Qtr		
CANADIAN SALTFISH CORPORATION				
1991/92 Corporate Plan Summary(11)	91.10.07	91.12.11	92.02.03	92.02.11
1991/92 Capital Budget Summary	91.10.07	91.12.11	92.02.03	92.02.11
1991/92 Operating Budget Summary	91.10.07	91.12.11	92.02.03	92.02.11
1990/91 Annual Report	91.10.04	91.11.28	91.10.28	91.10.29
1992/93-1996/97 Corporate Plan Summary	4th Qtr	4th Qtr		
1992/93 Capital Budget Summary(12)				
1992/93 Operating Budget Summary	4th Qtr	4th Qtr		
CAPE BRETON DEVELOPMENT CORPORATION				
1991/92-1995/96 Corporate Plan Summary	91.11.21	91.03.18	91.12.10	91.12.11
1991/92 Capital Budget Summary	91.11.21	91.03.18	91.12.10	91.12.11
1991/92 Operating Budget Summary	91.11.21	91.03.18	91.12.10	91.12.11
1990/91 Annual Report	91.10.04	91.11.28	91.10.31	91.11.19
1992/93-1996/97 Corporate Plan Summary	92.06.12	3rd Qtr		
1992/93 Capital Budget Summary	92.06.12	3rd Qtr		
1992/93 Operating Budget Summary	92.06.12	3rd Qtr		

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
DEFENCE CONSTRUCTION (1951) LIMITED				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary[13]	92.05.14	92.06.16	92.04.01	92.04.07
1992/93 Capital Budget Summary[13]	92.05.14	92.06.16	92.04.01	92.04.07
1992/93 Operating Budget Summary[13]	92.05.14	92.06.16	92.04.01	92.04.07
1991/92 Annual Report	4th Qtr	4th Qtr	92.06.22	92.06.23
ENTERPRISE CAPE BRETON CORPORATION				
1991/92-1995/96 Corporate Plan Summary — Amendment	91.11.28	92.03.19	92.02.27	92.02.28
1991/92 Capital Budget Summary — Amendment	91.11.28	92.03.19	92.02.27	92.02.28
1991/92 Operating Budget Summary — Amendment	91.11.28	92.03.19	92.02.27	92.02.28
1990/91 Annual Report	91.10.04	91.11.28	91.12.11	92.12.12
1992/93-1996/97 Corporate Plan Summary[14]				
1992/93 Capital Budget Summary[14]				
1992/93 Operating Budget Summary[14]				
EXPORT DEVELOPMENT CORPORATION				
1992-96 Corporate Plan Summary	92.03.18	92.05.19	92.03.19	92.03.24
1992 Capital Budget Summary	92.03.18	92.05.19	92.03.19	92.03.24
1992 Operating Budget Summary	92.03.18	92.05.19	92.03.19	92.03.24
1991 Annual Report	92.05.04	92.05.21	92.04.01	92.04.07
FARM CREDIT CORPORATION				
1990/91 Annual Report	91.10.01	91.11.20	91.06.19	91.06.21
1992/93-1996/97 Corporate Plan Summary	92.05.07	92.06.11	92.04.28	92.05.05
1992/93 Capital Budget Summary	92.05.07	92.06.11	92.04.28	92.05.05
1992/93 Operating Budget Summary	92.05.07	92.06.11	92.04.28	92.05.05
1991/92 Annual Report	4th Qtr	4th Qtr	92.06.18	92.06.19
FEDERAL BUSINESS DEVELOPMENT BANK				
1990/91 Annual Report	91.09.19	91.10.11	91.06.17	91.06.18
1992/93-1996/97 Corporate Plan Summary	92.05.22	92.06.19	92.05.07	92.05.11
1992/93 Capital Budget Summary	92.05.22	92.06.19	92.05.07	92.05.11
1992/93 Operating Budget Summary	92.05.22	92.06.19	92.05.07	92.05.11
1991/92 Annual Report	4th Qtr	4th Qtr	92.06.19	92.06.22
FRESHWATER FISH MARKETING CORPORATION				
1991/92-1995/96 Corporate Plan Summary	91.09.18	91.11.26	91.06.13	91.06.17
1991/92 Capital Budget Summary	91.09.18	91.11.26	91.06.13	91.06.17
1991/92 Operating Budget Summary	91.09.18	91.11.26	91.06.13	91.06.17
1990/91 Annual Report	91.10.04	91.11.28	91.10.21	91.10.22
1992/93-1996/97 Corporate Plan Summary	4th Qtr	4th Qtr	92.06.23	
1992/93 Capital Budget Summary	4th Qtr	4th Qtr	92.06.23	
1992/93 Operating Budget Summary	4th Qtr	4th Qtr	92.06.23	
GREAT LAKES PILOTAGE AUTHORITY, LTD.				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1991 Annual Report	92.05.04	92.05.21	92.04.27	92.05.05

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
HALIFAX PORT CORPORATION				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
HARBOURFRONT CORPORATION(2)				
1990/91 Annual Report	91.10.04	91.11.28	91.09.30	91.10.02
1992/93-1996/97 Corporate Plan Summary	92.05.14	92.06.16	92.05.14	92.05.19
1992/93 Capital Budget Summary	92.05.14	92.06.16	92.05.14	92.05.19
1992/93 Operating Budget Summary	92.05.14	92.06.16	92.05.14	92.05.19
INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary(15)				
1992/93 Capital Budget Summary(15)				
1992/93 Operating Budget Summary	92.05.22	92.06.19		
LAURENTIAN PILOTAGE AUTHORITY				
1991 Operating Budget Summary — Amendment	91.11.28	92.03.18	92.03.26	92.03.30
1992-96 Corporate Plan Summary(16)				
1992 Capital Budget Summary(16)				
1992 Operating Budget Summary	92.03.18	92.05.19		
1991 Annual Report	92.05.01	92.05.20	92.04.27	92.05.05
MARINE ATLANTIC INC.				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1991 Annual Report	92.05.05	92.05.22	92.05.15	92.05.19
MINGAN ASSOCIATES, LTD.(2)(17)				
1992-96 Corporate Plan Summary(17)	92.02.26	92.05.05		
1992 Capital Budget Summary(17)	92.02.26	92.05.05		
1992 Operating Budget Summary(17)	92.02.26	92.05.05		
1991 Annual Report(17)	92.05.05	92.05.22		
MONTRÉAL PORT CORPORATION				
1991 Capital Budget Summary — Amendment	91.11.01	92.02.19		
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
NATIONAL CAPITAL COMMISSION				
1990/91 Annual Report	91.10.03	91.11.26	91.06.19	91.06.21
1992/93-1996/97 Corporate Plan Summary	92.05.14	92.06.16	92.05.14	92.05.19
1992/93 Capital Budget Summary	92.05.14	92.06.16	92.05.14	92.05.19
1992/93 Operating Budget Summary	92.05.14	92.06.16	92.05.14	92.05.19

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
NATIONAL GALLERY OF CANADA				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY				
1990/91 Annual Report	91.10.04	91.11.28	91.10.21	91.10.22
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.06.01	92.06.02
OLD PORT OF MONTREAL CORPORATION INC.(18)				
1990/91 Annual Report	91.10.04	91.11.28	91.09.30	91.10.02
1992/93-1993/94 Corporate Plan Summary(18)	92.06.12	3rd Qtr		
1992/93 Capital Budget Summary	92.06.12	3rd Qtr		
1992/93 Operating Budget Summary	92.06.12	3rd Qtr		
PACIFIC PILOTAGE AUTHORITY				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.17	92.03.18
1991 Annual Report	92.05.01	92.05.20	92.04.27	92.05.05
PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION(19)				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
PETRO-CANADA LIMITED				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1991 Annual Report	92.05.05	92.05.22	92.05.08	92.05.11
PORT OF QUEBEC CORPORATION				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
PRINCE RUPERT PORT CORPORATION				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
ROYAL CANADIAN MINT				
1992-96 Corporate Plan Summary	92.03.18	92.05.19	92.05.15	92.05.19
1992 Capital Budget Summary	92.03.18	92.05.19	92.05.15	92.05.19
1991 Annual Report	92.05.05	92.05.22	92.06.23	
SAINT JOHN PORT CORPORATION				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
ST. JOHN'S PORT CORPORATION				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
ST. LAWRENCE SEAWAY AUTHORITY, THE				
1991/92-1995/96 Corporate Plan Summary	92.03.20	92.05.22	92.03.18	92.03.19
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.06.01	92.06.19	92.05.06	92.05.07
1992/93 Capital Budget Summary	92.06.01	92.06.19	92.05.06	92.05.07
1992/93 Operating Budget Summary	92.06.01	92.06.19	92.05.06	92.05.07
STANDARDS COUNCIL OF CANADA				
1990/91 Annual Report	91.10.04	91.11.28	91.09.16	91.09.17
1992/93-1996/97 Corporate Plan Summary	92.05.22	92.06.19	92.05.05	92.05.06
1992/93 Capital Budget Summary	92.05.22	92.06.19	92.05.05	92.05.06
1992/93 Operating Budget Summary	92.05.22	92.06.19	92.05.05	92.05.06
TELEGLOBE CANADA				
1992 Corporate Plan Summary(20)	92.03.11	92.05.11	92.02.04	92.02.11
1992 Capital Budget Summary	92.03.11	92.05.11	92.02.04	92.02.11
1991 Annual Report	92.05.05	92.05.22		
VANCOUVER PORT CORPORATION				
1991 Capital Budget Summary — Amendment	91.12.05	92.03.19		
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.16	92.03.17
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.16	92.03.17
1991 Annual Report(5)	92.05.22	92.06.04	92.05.22	92.06.01
VIA RAIL CANADA INC.				
1992-96 Corporate Plan Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Capital Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1992 Operating Budget Summary	92.03.19	92.05.21	92.03.18	92.03.19
1991 Annual Report	92.05.01	92.05.20	92.04.27	92.05.05

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
b) Outstanding at July 31, 1991 and tabled in this period.				
1) CANADA MORTGAGE AND HOUSING CORPORATION				
1991 Operating Budget Summary — Amendment 1	91.05.13	91.06.18	92.03.09	92.03.17
2) ENTERPRISE CAPE BRETON CORPORATION				
1991/92-1995/96 Corporate Plan Summary	91.06.11	91.09.24	92.02.27	92.02.28
1991/92 Capital Budget Summary	91.06.11	91.09.24	92.02.27	92.02.28
1991/92 Operating Budget Summary	91.06.11	91.09.24	92.02.27	92.02.28
3) HARBOURFRONT CORPORATION				
1990/91 Capital Budget Summary — Amendment	90.11.05	90.12.20	91.11.07	91.11.19
4) INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT				
1991/92-1995/96 Corporate Plan Summary	91.06.11	91.09.24	91.09.16	91.09.17
1991/92 Capital Budget Summary	91.06.11	91.09.24	91.09.16	91.09.17
1991/92 Operating Budget Summary	91.06.11	91.09.24	91.09.16	91.09.17

EXPLANATORY NOTES

(1) The Canada Deposit Insurance Corporation 1992-96 corporate plan and capital and operating budget summaries tabled on March 20, 1992 included the summary of the 1991 corporate plan amendment.

(2) *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof* received Royal Assent on November 26, 1991 and provided for:

— the integration of Canada Harbour Place Corporation into another federal entity;

— the dissolution of the Canadian Livestock Feed Board and the transfer of its program responsibilities to the Department of Agriculture;

— the dissolution of Canadian Patents and Development Limited and the transfer of patents and licences to departments and agencies;

— the wind up and dissolution of Harbourfront Corporation and Mingan Associates, Ltd.; and

— the transfer of the one share of Canada Museums Construction Corporation Inc. held by the Minister of Public Works to Canada Lands Company Limited, which currently holds the remaining two of the three existing shares.

As at July 31, 1992, the Canadian Livestock Feed Board and Mingan Associates, Ltd had been dissolved (see notes 8 & 17).

(3) A 1992/93-1996/97 corporate plan for Canada Harbour Place Corporation was not approved because of the anticipated dissolution of the corporation and transfer of its responsibilities to another federal entity (see note 2).

(4) The Canada Lands Company (Mirabel) Limited, formerly a subsidiary of Canada Lands Company Limited, did not submit a 1992/93-1996/97 corporate plan and 1992/93 capital and operating budgets for approval because it was directed by Order-in-Council effective April 25, 1991 to no longer report as a parent. The corporation was subsequently dissolved on January 8, 1992.

(5) The *Canada Ports Corporation Act* specifies that the annual report shall include the annual reports of the Local Port Corporations and that it be submitted to the appropriate Minister no later than four months after the financial year-end. These annual reports are tabled as one document.

(6) Pursuant to the February 1992 Federal Budget announcement, it is expected that the status of the Canadian Commercial Corporation will be changed and its functions absorbed by the Department of Supply and Services.

(7) The Canadian Dairy Commission 1991/92-1995/96 corporate plan summary tabled on October 21, 1991 included the summaries of the capital and operating budgets.

(8) The Canadian Livestock Feed Board did not submit a 1992/93-1996/97 corporate plan and 1992/93 capital and operating budgets for approval because the corporation was dissolved on November 26, 1991 (see note 2). The annual report for 1991/92 covered its last eight months of operations.

(9) Canadian National (West Indies) Steamships, Ltd. was dissolved on June 17, 1992 under the *Canada Business Corporations Act*. Pursuant to the *Crown Corporations Dissolution Authorization Act* which received Royal Assent on October 29, 1985, it was de-scheduled as a Crown corporation on November 1, 1992.

(10) The 1992/93 capital budget for Canadian Patents and Development Limited was not submitted for approval in anticipation of the expected dissolution of the corporation in 1992 (see note 2). The corporate plan and the operating budget have been submitted and approved.

(11) The 1991/92 corporate plan for the Canadian Saltfish Corporation covered a one-year planning period in light of the responsible Minister's announcement of his intention to find alternative arrangements for providing this service.

(12) The Canadian Saltfish Corporation does not plan any capital expenditures for 1992-93 and therefore did not submit a capital budget for approval.

(13) The actual, instead of the summary, corporate plan for Defence Construction (1951) Limited was tabled. The operating and capital budgets were also included.

(14) Pursuant to the February 1992 Federal Budget announcement, it is expected that Enterprise Cape Breton Corporation will be dissolved and its functions folded into the Atlantic Canada Opportunities Agency. The corporation has not yet submitted its 1992/93 corporate plan and budgets for approval.

(15) Bill C-63, *An Act to Dissolve or Terminate Certain Crown Corporations and Other Bodies*, provides for the dissolution of the International Centre for Ocean Development. Consequently, the corporation did not plan any capital expenditures in 1992/93 and therefore did not submit a capital budget for approval, and the corporation's corporate plan was not approved.

(16) Approval of the Laurentian Pilotage Authority's 1992/93 corporate plan and capital budget were deferred pending receipt of a report from the Minister of Transport.

(17) Mingan Associates, Ltd's 1992-96 corporate plan and the 1992 capital and operating budgets were approved. On April 30, 1992, the corporation was deleted from Schedule III of the *Financial Administration Act*. The corporation has been dissolved and the tabling of these documents is not expected (see note 2).

(18) The Old Port of Montreal Corporation Inc., a subsidiary of Canada Lands Company Limited, reports as a parent Crown corporation in accordance with section 86(2) of Part X of the *Financial Administration Act*. It has not planned beyond 1992-93 in accordance with the funds available to the corporation to complete its mandate.

(19) Petro-Canada International Assistance Corporation (a subsidiary of Petro-Canada Limited which had been directed to report as a parent Crown corporation) was dissolved on April 1, 1992 pursuant to the 1991 federal Budget. The corporation did not submit a 1992/93-1996/97 corporate plan and 1992 capital and operating budgets for approval.

(20) Teleglobe Canada's corporate plan is for one year in anticipation of the corporation's dissolution.

* "Qtr" denotes the quarter in the calendar year of the anticipated deadline for tabling of documents that are due to be tabled.

PART IV

AUDITED FINANCIAL STATEMENTS
FOR EACH PARENT CROWN CORPORATION

Part IV — Audited Financial Statements for Each Parent Crown Corporation

Table of Contents

Introduction

This part contains the audited financial statements for each parent Crown corporation. Also included, where appropriate, are the financial statements of wholly-owned subsidiaries not consolidated with the statements of the parent corporation.

Much of the information in Parts I and II of this Report to Parliament is extracted from these audited statements. For more information, the reader may contact the corporations directly.

Each Crown corporation annual report contains a set of audited financial statements, the auditors' opinion, management's discussion and responsibility statement, the Chairperson or President's message, and other corporate highlights on business volumes and financial indicators, often by product or geographic segment. A summary of the tabling dates for each Crown corporation annual report is shown in Part III of this Report. Background information including head office addresses and telephone numbers are provided in the individual corporate abstracts in Part II of this report.

ATLANTIC PILOTAGE AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Authority's management in accordance with generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in the financial statements and annual report.

The Authority's management recognizes the responsibility of conducting its affairs in compliance with the Pilotage Act and regulations, the Financial Administration Act and regulations, and the by-laws of the Authority.

The Authority is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Authority exercises its responsibilities through the Audit Committee of the Authority, which is composed of members who are not employees of the Authority. The financial statements have been approved by the Authority on the recommendation of the Audit Committee.

The Auditor General of Canada conducts an independent examination in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. He has full and free access to the Audit Committee of the Authority, and his report follows.

C. R. Worthington
Chairman and Chief Executive Officer

M. R. McGrath
Treasurer

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Atlantic Pilotage Authority as at December 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations, and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 13, 1992

ATLANTIC PILOTAGE AUTHORITY—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Accounts receivable—Trade	801,584	815,524
Due from Canada (Note 3)		200,000
Prepaid expenses	86,084	80,898
	887,668	1,096,422
Capital, at cost (Note 4)	2,352,469	2,331,787
Less: accumulated amortization	1,170,799	1,043,715
	1,181,670	1,288,072
	2,069,338	2,384,494

LIABILITIES	1991	1990
	$	$
Current		
Bank indebtedness	554,073	384,372
Accounts payable and accrued liabilities	450,968	435,816
Obligation under capital lease agreement (Note 5)		50,084
Current portion of accrued employee termination benefits	99,956	64,746
	1,104,997	935,018
Long-term		
Accrued employee termination benefits	573,249	540,589
	1,678,246	1,475,607
Commitments and contingencies (Note 8)		
CONTRIBUTED CAPITAL AND DEFICIT		
Contributed capital	2,073,580	2,073,580
Deficit	(1,682,488)	(1,164,693)
	391,092	908,887
	2,069,338	2,384,494

Approved by the Authority:

C. R. WORTHINGTON
Chairman

MARTIN KARLSEN
Member

M. R. McGRATH
Treasurer

ATLANTIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Income		
Pilotage charges	7,448,608	7,212,914
Interest and other income	41,305	45,894
	7,489,913	7,258,808
Expenses		
Pilots' fees, salaries and benefits	3,967,149	3,646,814
Pilot boats, operating costs	2,369,380	2,369,463
Staff salaries and benefits	491,139	476,104
Transportation and travel	359,998	355,970
Professional and special services	341,045	284,884
Utilities, materials and supplies	157,945	133,751
Amortization	136,299	133,092
Rentals	121,247	119,798
Communications	63,506	72,284
	8,007,708	7,592,160
Net loss for the year	517,795	333,352

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Balance, beginning of the year	1,164,693	1,031,341
Net loss for the year	517,795	333,352
	1,682,488	1,364,693
Parliamentary appropriation to finance cash operating loss (Note 3)		200,000
Balance, end of the year	1,682,488	1,164,693

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Financing activities		
Parliamentary appropriation to finance cash operating loss	200,000	
Principal portion of capital lease payments	(50,084)	(45,796)
Cash provided by (used for) financing activities	149,916	(45,796)
Operating activities		
Cash provided by (used for) operations		
Net loss for the year	(517,795)	(333,352)
Items not requiring cash		
Amortization	136,299	133,092
Increase in accrued employee termination benefits	99,342	99,057
	(282,154)	(101,203)
Cash provided by (used for) non-cash working capital	23,906	(99,001)
Employee termination benefit payments	(31,472)	(96,060)
Cash used for operating activities	(289,720)	(296,264)
Investing activities		
Net additions to capital assets	(29,897)	(100,607)
Cash used for investing activities	(29,897)	(100,607)
Decrease in cash during the year	(169,701)	(442,667)
Cash, beginning of the year	(384,372)	58,295
Cash, end of the year	(554,073)	(384,372)

The Authority's cash position is defined as cash net of bank indebtedness.

ATLANTIC PILOTAGE AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Objectives and activities

The Atlantic Pilotage Authority (the "Authority") was established in 1972 pursuant to the Pilotage Act. The objects of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that pilotage tariffs shall be fair, reasonable and sufficient, together with any revenue from other sources, to permit the Authority to operate on a self-sustaining financial basis.

The Authority is a Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to income tax under the provisions of the Income Tax Act.

2. Significant accounting policies

(a) Parliamentary appropriation

When revenues are not sufficient to permit the Authority to operate on a self-sustaining financial basis, the Authority requests parliamentary appropriations to recover cash operating losses. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of deficit.

Parliamentary appropriations are also requested when the cash operating profits are not sufficient to provide for the purchase of capital assets and the principal portion of payments under capital lease agreements. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of contributed capital.

(b) Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful life of the assets as follows:

Pilot boats	10 to 25 years
Furniture and equipment	5 to 10 years

(c) Capital lease

The Authority leased a pilot boat from Canada under a long term financing lease. Under the terms of the lease agreement, the Authority assumed the rights and obligations of ownership. As a result, the lease was treated as a purchase and the principal portion of lease payments was capitalized and amortized over the estimated useful life of the boat. The corresponding liability was reduced by the principal portion of lease payments and the interest portion was expensed in the year to which it related.

(d) Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

(e) Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded as they accrue to the employees.

3. Parliamentary appropriation

Appropriation Act Number 2, 1990-91, assented to June 19, 1990, provided $200,000 to be applied in payment of the excess of expenditures over revenues as a result of 1990 operations. This amount was received by the Authority on February 15, 1991, and was recorded in the accounts in accordance with the Authority's accounting policies.

On February 13, 1992, Treasury Board approved the inclusion of an item in 1991-92 Supplementary Estimates "C" to cover the 1991 cash operating loss and capital expenditures up to $448,000.

4. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	450		450	450
Pilot boats	2,115,628	993,584	1,122,044	1,227,993
Furniture and equipment	236,391	177,215	59,176	59,629
	2,352,469	1,170,799	1,181,670	1,288,072

5. Capital lease agreement

During 1991, the capital lease arrangement for a pilot boat matured. The Authority made the final payment and exercised its option to purchase the boat for $1.

6. Pension plan

Under the Public Service Superannuation Act, employees of the Authority are entitled to count service prior to becoming an employee of the Authority as pensionable. For employees who elected to purchase pension benefits with respect to past service, the Authority is required to match the employee contribution. Total past service pension expense was $10,629 in 1991 ($6,991 in 1990). The estimated unfunded past service pension contribution with respect to these employees was approximately $149,000 at December 31, 1991 ($124,000 at December 31, 1990) and will be funded over the remaining years of service of the employees, or the terms of purchase, whichever is the lesser.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

7. Related party transactions

The Authority receives services from government departments and these are provided without charge. These include pilot dispatching services by the Canadian Coast Guard, through its Vessel Traffic Service Centres in Nova Scotia, New Brunswick, and Newfoundland. The cost of these services is not recorded in the accounts of the Authority.

ATLANTIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

8. Commitments and contingencies

(a) The Authority has entered into contracts for pilot boat services, office rentals, wharfage fees and wharf rentals requiring the following minimum annual payments:

	$
1992	633,326
1993	140,438
1994	41,551
1995	61,306
1996	76,123
1997 and beyond	14,333
	967,077

(b) Lawsuits have been filed against the Authority claiming breach of contract in the awarding of a pilot boat contract and improper hiring practices. The total claimed in these lawsuits is approximately $1,100,000. In management's opinion, the outcome of these actions cannot be determined at this time and no provision has been made in the financial statements. Any settlement resulting from the resolution of these claims would be accounted for as a charge to income of the year in which the settlement occurs.

9. Comparative figures

Certain comparative figures have been changed to conform with the presentation adopted in 1991.

ATOMIC ENERGY OF CANADA LIMITED

MANAGEMENT RESPONSIBILITY

The financial statements and all other information presented in this Annual Report are the responsibility of the management and the Board of Directors of the corporation. The financial statements have been prepared in accordance with generally accepted accounting principles and include estimates based on the experience and judgement of management.

The corporation maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part X of the Financial Administration Act and its regulations, as well as the Canada Business Corporations Act, the articles, and the by-laws and policies of the corporation. The corporation has met all reporting requirements established by the Financial Administration Act, including submission of a corporate plan, an operating budget, a capital budget and this Annual Report.

The corporation's internal auditor has the responsibility for assessing the management systems and practices of the corporation. The Auditor General of Canada conducts an independent examination of the financial statements of the corporation and reports on his examination to the Minister of Energy, Mines and Resources.

The Board of Directors' Audit Committee, composed of directors who are not employees of the corporation, reviews and advises the Board on the financial statements, the Auditor General's reports thereto and the plans and reports related to special examinations, and oversees the activities of internal audit. The Audit Committee meets with management, the internal auditor and the Auditor General on a regular basis.

Bruce Howe
Acting President and Chief Executive Officer, AECL

David G. Cuthbertson
Chief Financial Officer, AECL

AUDITOR'S REPORT

TO THE MINISTER OF ENERGY, MINES AND RESOURCES

I have audited the balance sheet of Atomic Energy of Canada Limited as at March 31, 1992 and the statements of income, contributed capital, deficit/retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the articles and by-laws of the corporation.

I wish to draw to your attention that, as described in Note 11 to the financial statements, the corporation is facing significant decommissioning and site remediation expenditures which, under current funding arrangements, are financed mainly through parliamentary appropriations. These costs will continue to be incurred over the long term and their magnitude is such that there may be a significantly increased demand on government resources. The joint review of the capital structure, referred to in Note 7 to the financial statements, could present an opportunity to address this matter.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 1, 1992

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and short-term investments	50,527	94,537
Accounts receivable	172,935	159,851
Receivable from CDIC (Note 3B)	20,323	114,607
Inventories (Note 5)	10,460	7,378
	254,245	376,373
Segregated cash and investments (Note 6)	3,000	
Heavy water inventory (Note 5)	7,885	7,785
Right to heavy water proceeds (Note 7)	97,000	
Investment (Note 4)		70,625
Long-term receivables (Note 8)	463,646	488,911
Property, plant and equipment (Note 9)	29,430	13,473
	855,206	957,167

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities	129,997	135,791
Current portion of long-term debt	33,132	36,907
	163,129	172,698
Deferred revenue	14,800	25,491
Accrued employee termination benefits	49,858	46,112
Long-term debt (Note 10)	459,384	492,509
	687,171	736,810
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—75,000 common shares		
Issued—54,000 common shares	15,000	15,000
Contributed capital	179,914	80,993
Retained earnings (deficit)	(26,879)	124,364
	168,035	220,357
	855,206	957,167

Approved by the Board:

EDWARD G. BYRD
Director

BRUCE HOWE
Director

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Nuclear power operations		
Revenue		
Nuclear supply and services	209,494	121,632
Interest on long-term receivables	47,805	53,504
Interest on short-term investments	10,096	12,102
	267,395	187,238
Expenses		
Cost of supply and services	156,389	62,071
Product development	16,950	32,836
Marketing and administration	26,041	23,725
Interest on long-term debt	46,167	49,684
	245,547	168,316
Operating profit	21,848	18,922
Research and development operations		
Expenses	293,607	293,262
Less: commercial revenue	39,582	40,460
cost recovery from third parties	86,427	87,461
parliamentary appropriations (Note 2)	162,132	154,323
Net expense	5,466	11,018
Decommissioning activities		
Expenses	14,348	14,783
Less: parliamentary appropriations (Note 2)	11,920	11,368
recovery from asset sales	2,428	3,315
Net expense		100
	16,382	7,804
Gain on sale of former subsidiary (Note 3A)	56,216	
Provision for loss on investment (Note 4)	(70,625)	
Net income	1,973	7,804

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Balance at beginning of the year	80,993	79,228
Parliamentary appropriations for loan principal repayment (Note 2)	1,921	1,765
Capital contribution (Note 7)	97,000	
Balance at end of the year	179,914	80,993

STATEMENT OF DEFICIT/RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Retained earnings at beginning of the year	124,364	116,560
Net income	1,973	7,804
Dividends	(153,216)	
Retained earnings (deficit) at end of the year	(26,879)	124,364

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net income	1,973	7,804
Adjustments for non-cash items		
Amortization	1,806	7,746
Gain on sale of former subsidiary	(56,216)	
Provision for loss on investment	70,625	
	18,188	15,550
Decrease (increase) in operating working capital		
Due from Government of Canada		40,253
Accounts receivable	(13,084)	(5,504)
Inventories	(3,182)	(3,811)
Accounts payable and other current liabilities	(9,569)	24,950
	(25,835)	55,888
Accrued employee termination benefits	3,746	2,410
Deferred revenue	(10,691)	5,137
	(32,780)	63,435
Cash from (used in) operations	(14,592)	78,985
Investing activities		
Proceeds from sale of former subsidiary	150,500	
Right to heavy water proceeds	(97,000)	
Acquisition of commercial property, plant and equipment, net of disposal	(17,763)	(5,676)
Segregated cash and investments	(3,000)	
Cash from (used in) investing	32,737	(5,676)
Financing activities		
Reduction of long-term debt	(33,125)	(36,605)
Reduction of long-term notes receivable	25,265	9,399
Dividends	(153,216)	
Contributed capital	97,000	
Parliamentary appropriations for loan principal repayment	1,921	1,765
Cash used in financing	(62,155)	(25,441)
Increase (decrease) in cash and short-term investments	(44,010)	47,868
Cash and short-term investments at beginning of the year	94,537	46,669
Cash and short-term investments at end of the year	50,527	94,537

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The most significant accounting policies are summarized below:

Foreign currency translation

Transactions denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction, except those covered by forward exchange contracts, where the rate established by the terms of the contract is used. Monetary assets and liabilities outstanding at the balance sheet date are adjusted to reflect the exchange rate in effect at that date. Exchange gains and losses arising from the translation of foreign currencies are included in income.

Inventories

Heavy water is valued at the lower of average cost, less related parliamentary appropriations and realizable value. Maintenance and general supplies are valued at cost.

Property, plant and equipment

Property, plant and equipment of a research and development nature are recorded at cost and expensed in the year of acquisition.

Other property, plant and equipment are recorded at cost and this cost, net of parliamentary appropriations and third party contributions, if any, is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Machinery and equipment	3 to 20 years
Buildings	20 to 50 years

As further explained in Note 11, costs of decommissioning nuclear facilities are expensed when incurred.

Long-term contracts

Revenue and costs on long-term contracts are accounted for by the percentage of completion method, applied on a conservative basis to recognize the absence of certainty on these contracts. Full provision is made for all estimated losses to completion of contracts in progress.

Parliamentary appropriations

The Government of Canada, through parliamentary appropriations, funds certain operations of the corporation as outlined in Note 2. The parliamentary appropriations are offset against the applicable expenditures except for the portion used to discharge certain loan principal which is recognized as an increase in contributed capital.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

Employee termination benefits

Employees are entitled to specific termination benefits as provided for under collective agreements and conditions of employment. The liability for these benefits is charged to income as benefits accrue to the employees. The accumulated liability is actuarially determined on a periodic basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1992

1. Accounting policies

The summary of significant accounting policies is an integral part of these financial statements.

2. Parliamentary appropriations

Parliamentary appropriations were used during the year for the following purposes:

	1992	1991
	(in thousands of dollars)	
Research and development operations	162,132	154,323
Decommissioning activities	11,920	11,368
Heavy water plant loan principal	1,921	1,765
	175,973	167,456

3A. Gain on sale of former subsidiary

On September 30, 1988, the corporation sold its shares in Nordion International Inc. (Nordion) and Theratronics International Limited (Theratronics) to Canada Development Investment Corporation (CDIC) for eventual privatization. Under the agreement, the corporation is to receive the proceeds from the sale less CDIC's expenses associated therewith.

On November 1, 1991, CDIC sold Nordion for $165.0 million and incurred expenses of $4.5 million. This resulted in a gain of $56.2 million for the corporation, representing the excess of net proceeds over the $104.3 million net book value at September 30, 1988. The corporation has received $150.5 million from CDIC and this, together with interest earned thereon between the dates of receipt and disbursement, has been distributed to the Shareholder by way of dividends. A $10.0 million holdback by CDIC for general indemnity is expected to be received, net of claims, if any, in November 1993.

As part of the privatization process, the corporation entered into a 23-year contract in 1988 for the exclusive supply of radioisotopes to Nordion. The nature of the business requires the corporation to make significant investments in production and waste handling facilities. The net book value of capital invested up to March 31, 1992, was $17.4 million.

3B. Receivable from CDIC

The CDIC receivable represents the $10.3 million net book value of Theratronics at September 30, 1988, and the $10.0 million holdback arising from the sale of Nordion.

4. Provision for loss on investment

The corporation, Ontario Hydro and the Province of Ontario are parties to an agreement for the construction and operation of Units 1 and 2 of the Pickering "A" nuclear generating station, with ownership of these units being vested in Ontario Hydro. Under the agreement, the corporation is entitled to receive payments, termed "payback", until the year 2003 based on the net operational advantage of the power generated by Pickering Units 1 and 2 as compared with coal-fired units similar to Lambton Units 1 and 2.

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—*Continued*

Until 1984, when the Pickering units were shut down for pressure tube replacement, the corporation and the federal government received, in total, $264.0 million in such payments on an original investment of $140.9 million. Since 1984, due primarily to costs incurred during the 1984-88 shutdown period, no payments have been received. Although Ontario Hydro's recent forecasts indicate that payback will be positive over the remaining life of the agreement, no further payments are anticipated as the positive payback amounts will be applied against the negative payback amounts accumulated during the shutdown period, plus interest.

The original investment had been amortized on a straight-line basis over the life of the agreement, except that amortization was suspended during the shutdown period. Full provision has been made in 1992 for the unamortized investment balance of $70.6 million. Amortization included in the 1991 cost of supply and services amounted to $5.5 million.

5. Inventories

	1992	1991
	(in thousands of dollars)	
Current		
Maintenance and general supplies	10,460	7,378
Heavy water	536,494	538,838
Less: parliamentary appropriations	528,609	531,053
	7,885	7,785

Subject to the corporation's right to heavy water sale proceeds (Note 7), parliamentary appropriations for heavy water are repayable to the government, together with interest thereon, to the extent of future revenue from sales of related heavy water. Accrued liabilities as at March 31, 1992, include $2.5 million in respect of net proceeds from sales during the year (1991—$4.9 million) which will be applied to repay appropriations.

6. Segregated cash and investments

Segregated cash and investments are recorded at cost and represent funds set aside for replacement of property, plant and equipment for research and development operations. It is intended that further amounts will be set aside from time to time for the same purpose. Transfers to this asset replacement fund and its eventual utilization will be determined by the Board of Directors.

7. Right to heavy water proceeds

At the end of the year the government released the corporation from its obligation to repay $97 million of parliamentary appropriations, along with associated interest, related to government-funded heavy water. This was achieved through a conversion of repayable appropriations into non-repayable appropriations which provided the corporation with an asset of $97 million in the form of a right to retain this amount of proceeds from sales of heavy water. The transactions has been accounted for as an increase in contributed capital. As part of the arrangement, a joint review by the corporation and the government of the ownership and management of the government-funded heavy water and of the corporation's capital structure will be undertaken during the coming year.

8. Long-term receivables

	1992	1991
	(in thousands of dollars)	
Notes receivable from provincial utilities in respect of the financing of nuclear facilities maturing through 2008 at fixed interest rates varying from 7.795% to 9.706% (refer to Note 10 for related debt)	458,433	491,568
Contract receivables, maturing through 1998	43,296	43,461
Mortgages receivable and other	2,370	3,097
	504,099	538,126
Current portion	40,453	49,215
	463,646	488,911

9. Property, plant and equipment

	1992			1991
	Cost	Funding and accumulated amortization	Net	Net
	(in thousands of dollars)			
Nuclear power operations				
Land and improvements	1,169	565	604	604
Buildings	9,860	9,761	99	110
Machinery and equipment	24,528	18,114	6,414	5,256
	35,557	28,440	7,117	5,970
Research and development operations				
Land and improvements	11,779	11,720	59	59
Buildings	84,194	82,907	1,287	1,569
Reactors and equipment	246,415	245,163	1,252	1,474
Construction in progress	87,990	68,275	19,715	4,401
	430,378	408,065	22,313	7,503
	465,935	436,505	29,430	13,473

Amortization of property, plant and equipment for the year ended March 31, 1992, amounted to $1.8 million (1991—$2.2 million).

Research and development property, plant and equipment expensed during the year amounted to $9.0 million (1991—$9.9 million).

Research and development operations include commercial activities. The net book value of $22.3 million represents the unamortized cost of assets employed in these activities.

ATOMIC ENERGY OF CANADA LIMITED—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—*Concluded*

10. Long-term debt

	1992	1991
	(in thousands of dollars)	
Loans from Government of Canada		
To finance provincial utility nuclear facilities, maturing through 2008 at fixed interest rates varying from 6.687% to 9.706% (refer to Note 8 for related receivables)	458,297	491,274
To finance leased heavy water and other assets, maturing through 2008 at interest rates varying from 5.125% to 9.3386%	18,858	20,901
Loans from third parties		
To finance the purchase of the Glace Bay heavy water plant, maturing through 1998 at an imputed interest rate of 8.875%	15,361	17,241
	492,516	529,416
Current portion	33,132	36,907
	459,384	492,509

Loan repayments required over succeeding years are as follows (millions of dollars): 1993—$33.1; 1994—$16.1; 1995—$17.3; 1996—$18.8; 1997—$20.3; and subsequent to 1997—$386.9.

11. Decommissioning activities

When prototype reactors, heavy water plants, nuclear research, development and other facilities have no further commercial or research value to the corporation, they are retired and subsequently decommissioned in accordance with Atomic Energy Control Board regulations. Due to the variety of facilities, the decommissioning process may differ in each case. In some cases, decommissioning activities are carried out in stages with intervals of several decades between them to allow radioactivity to decay before moving on to the next stage. Activities include dismantling, decontamination and residual waste storage and disposal.

Decommissioning activities are financed essentially through parliamentary appropriations complemented by proceeds from related asset sales. Decommissioning costs are expensed as incurred. Estimation of future decommissioning and site remediation costs depends on the development of detailed plans, acceptable to regulatory agencies, which require determination of the desired end-state, technology to be employed and, in some cases, research and development. These future costs are currently being estimated and are expected to be substantial.

As of March 31, 1992, the Gentilly 1, Douglas Point and Nuclear Power Demonstration prototype reactors have been placed in a safe-storage mode and the Glace Bay and Port Hawkesbury heavy water production facilities have been dismantled. The LaPrade heavy water facility remains in a mothballed state. Decommissioning activities during the year included maintenance and protection of the above facilities and continuing work on the WR-1 research reactor and the former isotope processing facilities at Tunney's Pasture.

All reactors in the decommissioning stage and the heavy water facilities have been fully written off. The original gross cost of the reactors was $216 million, including $31 million for capitalized heavy water. The original gross cost of the heavy water facilities was $803 million.

12. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, the corporation had the following transactions with the Government of Canada:

	1992	1991
	(in thousands of dollars)	
Repayment of loans and interest	84,821	88,547
Payments to the Public Service Superannuation Plan	12,717	12,036

In the normal course of business, the corporation also enters into various transactions with the Government of Canada, its agencies and other Crown corporations.

13. Supplementary information

Incorporation

Pursuant to the authority and powers of the Minister of Energy, Mines and Resources under the Atomic Energy Control Act, the corporation was incorporated in 1952 under the provisions of the Canada Corporations Act (and continued in 1977 under the provisions of the Canada Business Corporations Act) to develop the utilization of atomic energy for peaceful purposes.

The corporation is a Schedule III Part I Crown corporation under the Financial Administration Act. The corporation is exempt from income taxes.

Insurance

To the extent deemed appropriate, the corporation carries conventional insurance for its facilities and heavy water inventories. Decommissioned prototype reactors are self-insured.

Sales agents' remuneration

Guidelines concerning the commercial practices of Crown corporations require disclosure of sales agents and the total remuneration paid to them during the year.

Remuneration and expenses paid to the following sales agents and representatives in 1992 aggregated $0.9 million(1991—$3.1 million):

B.C. Park, U.S.A.; Marubeni Corporation, Japan; PII-PED International Inc., Korea; P.T. Sanga Kencana International, Indonesia; Samchang Corporation, Korea.

BANK OF CANADA

AUDITORS' REPORT

We have audited the statement of assets and liabilities of the Bank of Canada as at December 31, 1991 and the statement of revenue and expense for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 1991 and the results of its operations for the year then ended in accordance with the accompanying summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré
Chartered Accountants

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
January 24, 1992

STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 1991
(with comparative figures for 1990)
(in millions of dollars)

ASSETS	1991	1990
Deposits payable in foreign currencies		
U.S.A. dollars	230.7	343.8
Other currencies	6.2	24.0
	236.9	367.8
Advances to members of the Canadian Payments Association (Note 8)	1,173.9	470.7
Investments—At amortized values		
Treasury bills of Canada	12,819.1	10,247.8
Other securities issued or guaranteed by Canada maturing within three years	3,920.1	3,997.2
Other securities issued or guaranteed by Canada not maturing within three years	5,356.6	5,753.4
Other investments	3,002.9	3,863.7
	25,098.7	23,862.1
Bank premises (Note 4)	196.6	167.6
Other assets	339.0	406.3
	27,045.1	25,274.5

LIABILITIES	1991	1990
Capital paid up (Note 5)	5.0	5.0
Rest fund (Note 6)	25.0	25.0
Notes in circulation	24,481.4	22,970.0
Deposits		
Government of Canada	21.0	10.6
Chartered banks	1,617.9	1,458.3
Other members of the Canadian Payments Association	133.6	134.0
Other deposits	559.4	405.8
	2,331.9	2,008.7
Liabilities payable in foreign currencies		
Government of Canada	95.6	210.4
Other liabilities	106.2	55.4
	27,045.1	25,274.5

See accompanying notes to the financial statements.

J. W. CROW
Governor

J.-P. AUBRY
Chief Accountant

BANK OF CANADA—*Continued*

STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in millions of dollars)

	1991	1990
Revenue		
Revenue from investments, net of interest paid on deposits of $39.0 ($46.7 in 1990)	2,324.4	2,614.5
Operating expenses		
Staff expenses (Note 2)		
Salaries	80.2	78.9
Contributions to pension and insurance funds	11.8	10.9
Travel and staff transfers	2.7	3.4
Other staff expenses	2.8	2.8
	97.5	96.0
Bank note costs	41.7	41.5
Other expenses		
Premises maintenance—Net of rental income	21.2	19.8
Taxes—Municipal and business	10.9	10.3
Directors' fees	0.1	0.1
Auditors' fees and expenses	0.6	0.6
Data processing and computer costs	7.5	7.8
Printing of publications	0.7	0.8
Other printing and stationery	2.0	2.4
Postage and express	1.7	1.7
Telecommunications	1.9	2.0
Other expenses—Net (note 3)	2.6	2.9
	49.2	48.4
Depreciation on buildings and equipment	17.2	20.1
	205.6	206.0
Net revenue paid to Receiver General for Canada	2,118.8	2,408.5

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Significant accounting policies

The financial statements of the Bank conform to the disclosure and accounting requirements of the Bank of Canada Act and the Bank's by-laws. The significant accounting policies of the Bank are:

(a) Revenues and expenses

Revenues and expenses are accounted for on the accrual basis except for interest on advances to a bank ordered to be wound up where interest is recorded as received.

(b) Investments

Investments, consisting mainly of Government of Canada treasury bills and bonds, are recorded at cost adjusted for amortization of purchase discounts and premiums. The amortization as well as gains and losses on disposition are included in revenue.

(c) Translation of foreign currencies

Assets and liabilities in foreign currencies are translated to Canadian dollars at the rates of exchange prevailing at the year-end. Gains and losses from translation of, and transactions in, foreign currencies are included in revenue.

(d) Bank premises

Bank premises, consisting of land, buildings and equipment, are recorded at cost less accumulated depreciation. Depreciation is calculated on the declining balance method using the following annual rates:

Buildings	5%
Computer equipment	35%
Other equipment	20%

A full year of depreciation is charged against assets in the year of acquisition, except for Projects in progress which are depreciated from the point of substantial completion. No depreciation is taken on assets in the year of disposal.

(e) Pension plan

Pension plan expense is recorded on the basis of the Bank's contributions. Actuarial surpluses or deficiencies, if any, are amortized over periods not exceeding those provided for by the Pension Benefits Standards Act, 1985, and the regular contributions are adjusted accordingly.

(f) Insurance

The Bank does not insure against direct risks of loss to the Bank, except for potential liabilities to third parties and where there are legal or contractual obligations to carry insurance. Any costs arising from these risks are recorded in the accounts at the time they can be reasonably estimated.

2. Staff expenses

Wages and benefits of Bank staff engaged in premises maintenance are not included in this category but rather as part of the Premises maintenance expenses.

3. Other expenses—Net

Other expenses—Net includes expenses recovered through fees for a variety of services provided by the Bank. In the past, these recoveries ($0.7 million in both 1990 and 1991) were recorded in Revenue.

BANK OF CANADA—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

4. Bank premises

	1991			1990		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	(in millions of dollars)					
Land and buildings	174.6	79.2	95.4	173.8	74.3	99.5
Computer equipment	43.4	31.7	11.7	40.6	25.5	15.1
Other equipment	68.6	44.2	24.4	62.9	38.2	24.7
	286.6	155.1	131.5	277.3	138.0	139.3
Projects in progress	65.1		65.1	28.3		28.3
	351.7	155.1	196.6	305.6	138.0	167.6

5. Capital

The authorized capital of the Bank is $5.0 million divided into 100,000 shares of the par value of $50 each. The shares are fully paid and in accordance with the Bank of Canada Act have been issued to the Minister of Finance, who is holding them on behalf of Canada.

6. Rest fund

The rest fund was established by the Bank of Canada Act and represents the general reserve of the Bank. In accordance with the Act, the rest fund was accumulated out of net revenue until it reached the stipulated maximum amount of $25.0 million in 1955. Subsequently, all net revenues have been paid to the Receiver General for Canada.

7. Commitments

As at December 31, 1991, outstanding commitments under contracts for new buildings and equipment totalled $65 million. These contracts call for payments over the next three years and pertain to the Bank's responsibility for the issuance of bank notes.

8. Legal matters

Advances include a total of $29.5 million ($29.6 million in 1990) provided to the Canadian Commercial Bank and the Northland Bank for which winding-up orders have been issued by the courts. On the basis of the available information, it is the opinion of the Bank of Canada that this amount will be fully repaid from the proceeds of the liquidations.

The Bank of Canada's security for these advances includes the loan portfolios of those institutions. In the case of the Canadian Commercial Bank, two issues are being considered by the courts. On March 14, 1991, the Alberta Court of Appeal reversed the decision of the Alberta Court of Queen's Bench and ruled that interest received from the loan portfolio does form part of the Bank of Canada's security. On November 14, 1991, leave was granted to the liquidator to appeal this decision to the Supreme Court of Canada. The liquidator's conclusion that loans made by the Canadian Commercial Bank in California form part of the Bank of Canada's security has been challenged and this issue is to be tried in the Alberta Court of Queen's Bench. In the event of a final legal determination that all of the interest or all of the California loan portfolio is not included in the security, it could result in some adjustment to amounts which have been recorded in income. The information available at the present time is not sufficient to estimate the potential magnitude of such an adjustment.

CANADA COUNCIL

AUDITOR'S REPORT

TO THE CANADA COUNCIL AND THE
MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Endowment Account and Special Funds of the Canada Council as at March 31, 1992 and the statements of revenue and expense, equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 3 to the financial statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 29, 1992

ENDOWMENT ACCOUNT

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash and short-term deposits	4,060	11,826
Accrued investment income	1,892	1,982
Accounts receivable	351	419
Prepaid expenses	212	273
Investments (Note 5)	111,979	102,855
Equipment and leasehold improvements (Note 6)	1,276	1,510
Works of art	15,751	14,792
	135,521	133,657

LIABILITIES	1992	1991
Grants payable	16,632	17,376
Accounts payable and accrued liabilities	1,265	1,680
Deferred revenue (Note 7)	993	1,022
Due to Special Funds	4,666	3,788
Due to Special Trusts (Note 8)	1,631	1,662
Provision for employee termination benefits	1,051	957
	26,238	26,485
EQUITY		
Fund capital		
Principal	50,000	50,000
Accumulated net gains on disposal of investments	37,351	35,673
	87,351	85,673
Contributed surplus—Works of art	15,751	14,792
Surplus	6,181	6,707
	109,283	107,172
	135,521	133,657

Approved by management:

JOYCE ZEMANS
Director

PETER BROWN
Treasurer

Approved by the Council:

ALLAN GOTLIEB
Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Revenue		
Parliamentary appropriations	105,493	104,054
Interest and dividends	9,498	10,745
Art Bank rental fees	1,387	1,144
Cancelled grants and refunds of grants approved in previous years	584	401
Other revenue	276	249
	117,238	116,593
Expense		
Arts		
Grants and services	95,363	94,724
Administration (Schedule)	11,019	10,758
Works of art—Net purchases (Note 9)	959	880
	107,341	106,362
Canadian Commission for UNESCO		
Administration (Schedule)	1,437	1,286
Grants and services	115	175
	1,552	1,461
General administration (Schedule)	8,871	8,164
	117,764	115,987
Excess of revenue over expense (expense over revenue) for the year	(526)	606

STATEMENT OF EQUITY OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Fund capital		
Principal	50,000	50,000
Accumulated net gains on disposal of investments		
Balance at beginning of the year	35,673	35,127
Net gains on disposal for the year	1,678	546
Balance at end of the year	37,351	35,673
Balance of Fund capital at end of the year	87,351	85,673
Contributed surplus—Works of art		
Balance at beginning of the year	14,792	13,912
Net purchases during the year (Note 9)	959	880
Balance at end of the year	15,751	14,792
Surplus		
Balance at beginning of the year	6,707	3,401
Transfer from formely appropriated surplus		2,700
Excess of revenue over expense (expense over revenue) for the year	(526)	606
Balance at end of the year	6,181	6,707

STATEMENT OF CHANGES IN FINANCIAL POSITION OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Excess of revenue over expense (expense over revenue) for the year	(526)	606
Items not affecting cash		
Amortization	507	567
Employee termination benefits	94	128
	75	1,301
Change in non-cash operating assets and liabilities	(122)	(4,599)
Funds applied to operating activities	(47)	(3,298)
Financing activities		
Net gains on disposal of investments credited to Fund capital	1,678	546
Investing activities		
Acquisition of equipment and leasehold improvements	(294)	(462)
Proceeds on disposal of equipment	21	2
Increase in investments	(9,124)	(1,867)
Funds applied to investing activities	(9,397)	(2,327)
Decrease in funds	(7,766)	(5,079)
Cash and short-term deposits at beginning of the year	11,826	16,905
Cash and short-term deposits at end of the year	4,060	11,826

CANADA COUNCIL—*Continued*

SPECIAL FUNDS

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991	LIABILITIES	1992	1991
Cash and short-term deposits	2,528	4,411	Grants payable	2,803	2,522
Accrued interest and accounts receivable	549	683	Accounts payable and accrued liabilities		24
Investments (Note 5)	38,758	36,691	Deferred revenue	20	
Due from Endowment Account	4,666	3,788		2,823	2,546
Musical instruments	930	930			
			EQUITY		
			Fund capital		
			Principal	34,141	33,141
			Accumulated net gains on disposal of investments	9,546	9,906
				43,687	43,047
			Surplus	921	910
				44,608	43,957
	47,431	46,503		47,431	46,503

Approved by management:

JOYCE ZEMANS
Director

PETER BROWN
Treasurer

Approved by the Council:

ALLAN GOTLIEB
Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE OF THE SPECIAL FUNDS FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	1991
Revenue		
Interest and dividends	3,126	3,400
Other revenue	102	46
	3,228	3,446
Expense		
Grants	2,741	2,395
Administration	476	469
	3,217	2,864
Excess of revenue over expense for the year	11	582

STATEMENT OF EQUITY OF THE SPECIAL FUNDS (NOTE 4) FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	1991
Fund capital		
Principal		
Balance at beginning of the year	33,141	32,792
Donations received	1,000	107
Net income capitalized		242
Balance at end of the year	34,141	33,141
Accumulated net gains on disposal of investment		
Balance at beginning of the year	9,906	9,924
Net losses on disposal of investments	(360)	(18)
Balance at end of the year	9,546	9,906
Balance of Fund capital at end of year	43,687	43,047
Surplus		
Balance at beginning of the year	910	570
Excess of revenue over expense for the year	11	582
Net income capitalized		(242)
Balance at end of the year	921	910

STATEMENT OF CHANGES IN FINANCIAL POSITION OF THE SPECIAL FUNDS FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	1991
Operating activities		
Excess of revenue over expense for the year	11	582
Change in non-cash operating assets and liabilities	(467)	(228)
Funds provided (used) by operating activities	(456)	354
Financing activities		
Donations received	1,000	107
Net losses on disposal of investments charged to Fund capital	(360)	(18)
Funds provided by financing activities	640	89
Investing activities		
Increase in investments	(2,067)	(3,730)
Decrease in funds	(1,883)	(3,287)
Cash and short-term deposits at beginning of the year	4,411	7,698
Cash and short-term deposits at end of the year	2,528	4,411

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority, operations and objectives

The Canada Council was established by the Canada Council Act in 1957 which authorized the creation of an Endowment Fund of $50 million pursuant to Section 13 of the Act. Except for the annual parliamentary appropriation, monies or properties donated to the Council pursuant to Section 18 of the Act are generally accounted for as Special Funds or Special Trusts. The Council has been assigned the functions and duties for the Canadian Commission for UNESCO pursuant to Paragraph 8(2) of the Act. The Council is not an agent of Her Majesty. Its objectives are to foster and promote the study, enjoyment and production of works, in the arts.

2. Recent government announcement

In the Budget speech of February 25, 1992, the Government announced the merging of the Canada Council, the Social Sciences and Humanities Research Council and the international cultural and international academic relations programs of External Affairs and International Trade Canada. The legislation required to proceed with the merger has not yet been tabled. Consequently, it is too early to evaluate the impact of this announcement on the Council.

3. Significant accounting policies

These financial statements have been prepared by management in accordance with accounting policies judged appropriate for this entity which, with the exception of recording the gains and losses on disposal of investments, are in accordance with generally accepted accounting principles.

The most significant accounting policies are:

(a) Investments

Equities, bonds, debentures and mortgages are recorded at cost. The portfolios of three Special Funds (Molson Prize, Lynch-Staunton and John G. Diefenbaker Award) are merged with the Endowment Account. Special Funds with capital in excess of $250,000 and received after January 1, 1990 are merged with the Endowment Account. The participation of each fund is calculated on the basis of market value as at the date the monies are received. Interest, dividends, gains and losses on disposal of investments are allocated to each fund based on the percentages established at the beginning of each quarter.

Special Funds with capital less than $250,000 and Special Trusts earn interest calculated quarterly using the ninety day Treasury Bill rate at the beginning of the quarter.

Investments are written down to market value when the loss in value is considered to be a permanent decline.

(b) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and amortized over their estimated useful lives on the straight-line method, as follows:

Equipment	5 years
Leasehold improvements	term of the lease (maximum 10 years)

A full year's amortization is taken in the year of acquisition while no amortization is taken in the year of disposal. Gains and losses on disposals are netted against the amortization expense in the year of disposal.

(c) Works of art

Works of art acquired by the Canada Council Art Bank are recorded at laid-down cost.

(d) Musical instruments—Special Funds

Musical instruments are recorded at cost.

(e) Special Funds and Special Trusts

Special Funds and Special Trusts include amounts received by the Canada Council by way of bequest, gift or donation and may be specific as to purpose.

Special Funds are managed at the full discretion of the Canada Council and are invested in accordance with the policies of the Endowment Fund.

Special Trusts are either managed or allowed to have their capital drawn down, in accordance with the donor's wishes.

(f) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is expensed in the year in which they accrue to employees.

(g) Gains and losses on disposal of investments

Pursuant to subsection 17(2) of the Act, net gains or losses on disposal of investments are credited or charged to the Fund Capital. In the event that net losses exceed the Fund balance, the excess would be charged to operations.

(h) Contributed surplus

Amounts paid during the year for the purchase of works of art acquired by the Canada Council Art Bank are expensed. Such purchases, net of any proceeds from sales of works of art, are then capitalized as contributed surplus—Works of art and no amortization is recorded.

(i) Capitalization of net income of Special Funds

The Council normally capitalizes 10% of the revenue less administration expenses of the Izaak Walton Killam Memorial Fund for Advanced Studies and the Killam Special Scholarship Fund, in accordance with advice received from the trustees of these Funds in order to preserve the equity for future beneficiaries. However, the Council reserves the right to draw at any time on the accumulated net income capitalized, for the purposes of the funds.

(j) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total liability of the Council. The Council is not required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(k) Parliamentary appropriations

Parliamentary appropriations to the Council are recorded as revenue in the year in which they are approved by Parliament.

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(l) Grants and services

Grants approved by the Council are recorded as expense in the appropriate year as determined by the Treasurer in consultation with the Arts Division. Cancelled grants and refunds of grants approved in previous years, are shown as revenue.

Services to the arts, which include juries, advisory committees, prizes and other costs that directly serve artists or the arts community, are recorded as expense in the year in which they are incurred.

(m) Foreign currency translation

Foreign currency transactions are translated into canadian dollars at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into Canadian dollars at the exchange rate in effect at that date. Non-monetary assets and liabilities are translated at the applicable historical exchange rates.

4. Special funds

(a) Izaak Walton Killam Memorial

A bequest of $12,339,615 in cash and securities was received from the estate of Mrs. Dorothy J. Killam and was established "to provide scholarships for advanced study or research in any field of study or research other than the 'arts' as presently defined in the Canada Council Act and not limited to the 'humanities and social sciences' referred to in such Act".

The bequest contains the provision that the Fund shall not form part of the Endowment Account or otherwise be merged with any assets of the Council, and in the event that the Canada Council should ever be liquidated or its existence terminated or its powers and authority changed so that it is no longer able to administer any Killam Trust, the assets forming any such Killam Trust shall thereupon be paid over to certain universities which have also benefited under the will. The cash and securities received and the proceeds have been invested in a separate portfolio.

The fund equity as at March 31, 1992 was $19,170,880 (1991—$19,276,789).

(b) Killam Special Scholarship

This fund was established by way of securities received from Mrs. Dorothy J. Killam. Dividends and proceeds from the redemption of those securities amounted to $13,653,344.

The net income from this fund is available to provide fellowship grants to Canadians for advanced study or research in the fields of medicine, science and engineering.

The fund equity as at March 31, 1992 was $17,997,377 (1991—$18,394,978).

(c) Jean A. Chalmers

An endowment of $500,000 in cash was received from Mrs. Floyd S. Chalmers to establish a special Jean A. Chalmers Fund for the crafts. In consultation with the Canadian Crafts Council, the income of the fund is used to provide a small number of special project grants for the development or advancement of the crafts in Canada.

The fund equity as at March 31, 1992 was $548,535 (1991—$550,225).

(d) Molson Prize

Gifts of $1,000,000 were received from the Molson Foundation for the establishment of the Molson Prize Fund. The income of the fund is used for awarding cash prizes to Canadians "for outstanding achievement in the fields of the Arts, the Humanities or the Social Sciences".

The fund equity as at March 31, 1992 was $1,468,870 (1991—$1,453,267).

(e) Lynch-Staunton

This fund was established by a bequest in cash of $699,066 received from the estate of V.M. Lynch-Staunton, the income from which is available for the regular programs of the Council.

The fund equity as at March 31, 1992 was $1,514,962 (1991—$1,476,413).

(f) Vida Peene

This fund was established by a bequest in cash of $599,761 received from Vida Peene to provide payments to specified organizations.

The fund equity as at March 31, 1992 was $599,761 (1991—$599,803).

(g) Joseph S. Stauffer

This fund was established by bequests in cash totalling $400,000 from the estate of Joseph S. Stauffer, the income from which is to provide prizes to encourage promising young Canadians in the fields of music, visual arts and literature.

The fund equity as at March 31, 1992 was $472,047 (1991—$474,235).

(h) John G. Diefenbaker Award

During the year, the Council received an endowment of $1,000,000 from the Government of Canada. The income from this endowment is to be used to provide an annual grant to a German scholar to engage in research or advanced studies in Canada.

The fund equity as at March 31, 1992 was $1,067,608.

The following Special Funds have an original capital less than $250,000 and have a total fund equity as at March 31, 1992 of $1,768,174 (1991—$1,731,967).

(i) Other

(i) Frances Elizabeth Barwick and J.P. Barwick

Bequests totalling $93,000 in cash were received from the estates of Mrs. Frances Elizabeth Barwick and J.P. Barwick. The total fund is to be used for the benefit of the musical arts and is being used for the Council's Musical Instruments Bank.

(ii) John B.C. Watkins

This fund was established by a bequest consisting of the net income from the residue of the estate of the late John B.C. Watkins to provide scholarships for postgraduate studies in specified countries.

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(iii) The Duke and Duchess of York Prize in Photography

The Council received an endowment of $170,000 from the Government of Canada to mark the occasion of the marriage of The Duke and Duchess of York. The income from this endowment is to be used to provide an annual scholarship to a professional artist for personal creative work or advanced study in photography.

(iv) Petro Canada Award

Petro Canada donated $50,000 towards an award in the media arts. The income from this donation is to be used to provide an award every two years to an artist who has achieved outstanding and innovative use of new technology in the media arts.

(v) Ronald J. Thom Award

The Council was the beneficiary of a donation totalling $106,898 to provide an award every two years "to a candidate in the early stages of his or her career in architecture, who demonstrates outstanding creative talent in architectural design and a sensitivity to its allied arts". In 1991, the donation of $106,898 was recorded as a special trust.

(j) Funds will eventually be received from the following bequests:

(i) Edith Davis Webb

This fund, estimated at $400,000, is intended "for the purpose of making grants or establishing scholarships for musical study in such manner as the Council shall determine".

(ii) Coburn Fellowship Trust

This fund, the amount of which cannot be determined at this time, is to provide for exchanges of scholars between Israel and Canada. The estate of Kathleen Coburn is in process of being settled.

(iii) John Stephen Hirsch

This fund, the amount of which cannot be determined at this time, is being established from the estate of John Hirsch for specific purposes. An interim distribution of $38,000 has been received from the estate.

5. Investments

	1992		1991	
	Cost	Market value	Cost	Market value
	(in thousands of dollars)			
Endowment Account				
Bonds and debentures	59,635	61,516	58,778	60,330
Equities	50,796	60,657	42,408	50,992
Mortgages	1,548	1,548	1,669	1,669
	111,979	123,721	102,855	112,991
Special Funds				
Bonds and debentures	18,823	18,867	18,569	18,700
Equities	19,727	19,984	17,879	17,749
Mortgages	208	208	243	243
	38,758	39,059	36,691	36,692

6. Equipment and leasehold improvements

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Equipment	2,496	1,938	558	691
Leasehold improvements	1,477	759	718	819
	3,973	2,697	1,276	1,510

7. Deferred revenue

	1992	1991
	(in thousands of dollars)	
Art Bank		
—Rentals of works of art	482	329
—Deferred rent	137	274
Canadian Commission for UNESCO	306	342
Touring Office	68	77
	993	1,022

The deferred rent represents an inducement payment received from the landlord that will be used to reduce rental accommodation expense over the next two years. Amounts from the Canadian Commission for UNESCO represent funds received for specific programs for which expenses have not yet been incurred.

8. Due to Special Trusts

These funds have been accounted for separately due to special conditions related to the donations. Trusts with balances exceeding $50,000 are:

(i) Glenn Gould Prize Fund

The Council has received $525,113 from the Glenn Gould Memorial Foundation to provide a prize of $50,000 every three years (funds permitting) to an outstanding individual for his or her original contribution to the field of music and communications. As at March 31, 1992, the balance stood at $700,648 (1991—$640,926).

(ii) Visiting Foreign Artists Program

The Visiting Foreign Artists Program is administered by the Arts Awards Service of the Canada Council on behalf of the Department of External Affairs. It is a residency program through which Canadian professional arts organizations receive assistance to invite distinguished foreign artists from any country outside Canada for periods ranging from two weeks to four months. As at March 31, 1992, the balance stood at $71,162 (1991—$79,972).

(iii) Japan-Canada Fund

The Council received an endowment of $966,651 from the Government of Japan "to further strengthen the relations between Canada and Japan". After consultations with the Embassy of Japan, the endowment is to be used to fund programs that will encourage artistic exchange between the two countries. As at March 31, 1992, the balance stood at $848,095 (1991—$908,677).

CANADA COUNCIL—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

9. Works of art

	1992	1991
	(in thousands of dollars)	
Purchases	1,005	1,017
Proceeds from sales	(46)	(137)
Net purchases	959	880

10. Lease commitments

The Council is a party to long-term leases with respect to rental accommodation. The aggregate minimum annual rental is as follows:

	(in thousands of dollars)
1993	2,092
1994	2,120
1995	2,222
1996	2,258
1997	824
1998-1999	1,782

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

SCHEDULE OF ADMINISTRATION EXPENSE
OF THE ENDOWMENT ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	Arts	Canadian Commission for UNESCO	General	Total 1992	Total 1991
Salaries	5,983	777	3,840	10,600	10,042
Employee benefits	1,072	155	692	1,919	1,779
Office accommodation	1,716	129	1,361	3,206	2,959
Staff travel	802	77	142	1,021	965
Professional and special services	500	55	429	984	1,078
Communications	464	46	235	745	699
Informatics	2	1	581	584	527
Amortization	82		425	507	567
Meeting expenses including members' honoraria	61	149	248	458	471
Printing, publications and duplicating	178	29	247	454	368
Investment portfolio management			436	436	405
Office expenses and equipment	99	18	224	341	261
Miscellaneous	60	1	11	72	87
	11,019	1,437	8,871	21,327	20,208

CANADA DEPOSIT INSURANCE CORPORATION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Canada Deposit Insurance Corporation and all information in this annual report are the responsibility of management and the financial statements have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained in accordance with the Financial Administration Act and regulations as well as the Canada Deposit Insurance Corporation Act and by-laws of the Corporation. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have free access to the audit committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

In accordance with its Statutory Objects, the Corporation monitors the operations of its member institutions with varying degrees of intensity, as circumstances warrant. Except for the contingencies disclosed in note 4 of the financial statements where we have not yet been able to estimate the exposure to loss, we are not aware of any other situations at this time where the Corporation is exposed to a material loss.

These financial statements have been independently examined by the Corporation's auditor, the Auditor General of Canada, and his report is included herein.

J. P. Sabourin
President and Chief Executive Officer

Johanne R. Lanthier
Vice-President, Finance

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1991 and the statements of income and deposit insurance fund, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Deposit Insurance Corporation Act and the by-laws of the Corporation.

I wish to draw to your attention that, as the Corporation describes in Note 4 to the financial statements, it is facing a significant increase in its exposure to losses. This is due to the deterioration during the year of the financial condition of certain member institutions. No provision for loss has been taken in the financial statements in respect to these institutions, as the Corporation is not in a position at this time to estimate the extent of its exposure. However, if these contingent liabilities materialize, they could have a significant impact on future years' operating results.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 26, 1992

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash and treasury bills	201,742	74,426
Premiums and other accounts receivable	3,401	7,451
Assets acquired from insolvent member institutions	181	219
Furniture, equipment and leasehold improvements	1,541	1,053
	206,865	83,149
Loans to member institutions and others (Note 5)	47,400	104,765
Claims against insolvent member institutions (Note 6)	1,431,755	751,653
	1,479,155	856,418
General provision for loss (Notes 3 and 4)	(357,000)	(296,000)
	1,122,155	560,418
	1,329,020	643,567

LIABILITIES	1991	1990
Accounts payable	15,088	3,414
Loans from the Consolidated Revenue Fund (Note 7)	1,903,910	1,282,715
	1,918,998	1,286,129
DEPOSIT INSURANCE FUND		
Deficit at year end	(589,978)	(642,562)
	1,329,020	643,567

Approved by the Board:

R.A. McKINLAY
Chairman

H. MARCEL CARON
Director

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

STATEMENT OF INCOME AND DEPOSIT INSURANCE FUND FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Income		
Premiums	290,473	271,449
Interest on loans to member institutions and others	3,384	8,140
Interest on treasury bills	5,482	3,198
Other interest	9,498	4,679
	308,837	287,466
Expenses		
Interest on loans—Consolidated Revenue Fund	167,604	145,595
Administrative operating expenses (Note 11)	27,649	12,328
Provision for loss adjustment	61,000	(78,694)
	256,253	79,229
Net income	52,584	208,237
Deficit, beginning of year	(642,562)	(850,799)
Deficit, end of year	(589,978)	(642,562)

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income	52,584	208,237
Non-cash items included in net income		
Amortization	379	451
Provision for loss adjustment	61,000	(78,694)
Receivables and payables—Net	15,724	(3,233)
Increase (decrease) in accrued interest on loans from the Consolidated Revenue Fund	31,195	(5,939)
Realization of assets from insolvent member institutions	38	97
Loans to member institutions and claims against insolvent member institutions—Net	(622,737)	18,451
Cash provided by (used in) operating activities	(461,817)	139,370
Investing activities		
Purchase of capital assets—Net	(867)	(434)
Financing activities		
Loans from the Consolidated Revenue Fund		
Advances	1,375,000	
Repayments	(785,000)	(150,000)
Cash provided (used in) by financing activities	590,000	(150,000)
Cash and treasury bills		
Increase (decrease) during the year	127,316	(11,064)
Balance, beginning of year	74,426	85,490
Balance, end of year	201,742	74,426

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 1991

1. Authority and objective

The Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act (the CDIC Act). It is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits, to be instrumental in the promotion of standards of sound business and financial practices for member institutions, and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada. The aforementioned objects are to be pursued for the benefit of depositors of member institutions and in such manner so as to minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental in the furtherance of its objects including the acquisition of assets from or guarantee of loans to a member institution. It may make or cause to be made inspections of member institutions, prescribe standards of sound business and financial practices, and act as liquidator, receiver or inspector of a member institution or a subsidiary thereof.

2. Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles.

These financial statements do not reflect the assets, liabilities or operations of member institutions whose operations the Corporation is financing in order to secure an orderly wind-down.

The policies adopted are set out below.

Premium recognition

Premiums are recognized when assessed and are based on insured deposits with member institutions as at April 30 of each year. Premiums are collectible in two equal instalments, on June 30 and December 31.

General provision for loss

The general provision for loss reflects the Corporation's best estimate of losses in respect of only those member institutions against which the Corporation has or is certain to have a financial claim. This estimate includes consideration of losses expected in respect of claims against insolvent member institutions arising from payments made to insured depositors and of loans made to member institutions and others under an agency or loan agreement.

Interest income recognition

The Corporation charges interest on loans advanced, directly or indirectly, by it in accordance with the specific terms of the loan agreements. It ceases to recognize interest income when an insolvent member institution is placed in liquidation or when there is a reasonable doubt as to the ultimate collectibility of the interest. When reasonable doubt is present, interest revenue is recognized only as cash is received.

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

3. General provision for loss

In accordance with the accounting policy set out in note 2, the following table provides details of the calculation of the general provision for loss as reflected on the balance sheet:

	1991	1990
	(in thousands of dollars)	
Balance, beginning of year	296,000	502,000
Provision for loss adjustment	61,000	(78,694)
	357,000	423,306
Less write-offs		
Claims against insolvent member institutions		90,812
Loans to member institutions and others		36,494
		127,306
Balance, end of year	357,000	296,000

4. Contingent liabilities

Exposure to loss in respect of member institutions

At the request of two related member institutions, the Corporation provided to their bank an underlying guarantee of $75 million in respect of their clearing arrangements. Subsequent to the year-end, the Corporation agreed to provide financial assistance in support of the proposed restructuring of these member institutions. Should the proposed arrangement be approved by all concerned parties, the Corporation will be required to make a 12-year secured interest-bearing loan of $175 million and to provide deficiency guarantees to a maximum of $370 million. Although the above amounts represent the maximum exposure of the Corporation in respect of this transaction, no provision for loss has been taken against these commitments since the transaction has yet to close and losses cannot be reasonably estimated at this time. Any loss incurred from the proposed restructuring will be accounted for as a charge to the Deposit Insurance Fund in accordance with the accounting policy described in Note 2.

The financial condition of certain other member institutions deteriorated during the year which significantly increased the Corporation's exposure to loss. In accordance with the applicable statutory requirements, the affairs of these member institutions are being closely monitored by the regulators and CDIC. The Corporation cannot, at this time, determine its exposure to loss in respect of these members institutions.

Other obligation

In October 1988, the Corporation advanced $74 million by way of a secured loan to facilitate the sale of a member institution. During 1991, the outstanding loan balance of $50.75 million was repaid from the proceeds of an issue of preferred shares. The purchaser of the shares has the right to put the shares to the Corporation in the event of non-performance. The preferred shares are adequately secured and therefore, the Corporation does not anticipate a loss from this transaction.

Litigation

The Corporation is a defendant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. The Corporation does not believe it has any liability as a result of these actions and has therefore not provided for any potential claims.

5. Loans to member institutions and others

Under the general powers of subsection 10(1) of the CDIC Act, the Corporation has, under the provisions of loan agreements, made secured loans to member institutions and others. The Corporation is not accruing interest on its loans since the ultimate collectibility of the interest is doubtful.

The CCB Mortgage Investment Corporation, which was under an agency agreement, was placed in receivership during the year.

6. Claims against insolvent member institutions

Claims against insolvent member institutions arise through the subrogation of the rights and interests of the depositor when the Corporation pays that depositor's claim. The Corporation also asserts a claim against insolvent member institutions in liquidation, arising out of loans previously advanced by the Corporation. The Corporation is asserting claims against all its insolvent member institutions which were placed in liquidation. During 1991, four member institutions (Standard Trust Company, Standard Loan Company, Saskatchewan Trust Company and Bank of Credit and Commerce of Canada) were placed in liquidation under the provisions of the Winding-up Act. In total, the Corporation paid $1,406 million in claims relating to insured deposits and has so far recovered $652 million in respect of these estates.

7. Loans from the Consolidated Revenue Fund

With the approval of the Governor in Council, the Corporation can borrow up to $3 billion from the Consolidated Revenue Fund. In addition, Bill C-48 amending the CDIC Act was tabled in the House of Commons in December and, if enacted, will increase the Corporation's borrowing authority to $6 billion.

CANADA DEPOSIT INSURANCE CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

As at December 31, 1991, the Corporation has $1,904 million in outstanding loans including accrued interest of $89 million (1990: $1,283 million including accrued interest of $58 million).

These loans bear interest at various annual rates ranging from 9.02% to 10.76% and are repayable according to the following schedule:

	(in millions of dollars)
1992	539
1993	595
1994	340
1995	341
Accrued interest at December 31, 1991	89
	1,904

8. Income taxes

The Corporation is subject to federal income taxes although it is not subject to taxation on premiums assessed and may not take a deduction for claims paid.

The Corporation has available losses which can be carried forward to reduce future years' earnings otherwise subject to taxation. Such losses total $752.8 million and expire as follows:

Originating taxation year	Expiring taxation year	Amount (in millions of dollars)
1985	1992	15.7
1986	1993	88.5
1987	1994	82.9
1988	1995	136.7
1989	1996	144.4
1990	1997	143.3
1991	1998	141.3
		752.8

9. Insured deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, as at April 30, 1991 and 1990, were as follows:

	1991	1990
	(in billions of dollars)	
Federal Institutions	268	248
Provincial Institutions	22	22
	290	270

10. Long-term operating lease commitments

The Corporation has entered into long-term operating leases for its offices. Minimum lease payments are as follow:

Year ending December 31	Amount (in thousands of dollars)
1992	1,035
1993	1,279
1994	1,288
1995	1,312
1996	1,340
1997 to 2001	5,991
	12,245

11. Administrative operating expenses

The following are the administrative operating expenses:

	1991	1990
	(in thousands of dollars)	
Inspection, legal and other fees	8,082	2,487
Salaries and other personnel costs	4,744	3,531
Public awareness program	3,958	4,062
General expenses	1,977	1,293
Premises	1,261	636
Data processing of claims	7,627	308
Interest on premiums		11
	27,649	12,328

12. Comparative figures

Certain of the 1990 figures have been reclassified to conform with the presentation adopted for 1991.

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF FINANCE

We have audited the consolidated balance sheet of Canada Development Investment Corporation as at December 31, 1991 and the consolidated statements of income (loss) and accumulated deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation and of its wholly-owned subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the charter and by-laws of the corporation and its wholly-owned subsidiaries.

Ottawa, Canada

L. Denis Desautels, FCA
Auditor General of Canada

Toronto, Canada
March 12, 1992

Peat Marwick Thorne
Chartered Accountants

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash and short-term investments	39,465	35,168
Cash restricted as to use (Note 4)	30,500	5,500
Receivables	2,773	1,392
Shares of Cameco Corporation held for sale (Note 6)	83,870	
	156,608	42,060
Investments		
Non-consolidated subsidiaries, at cost (Note 5)	23,666	168,817
Other investments (Note 6)	235,553	395,898
	259,219	564,715
Deferred financing costs	1,373	3,276
Other assets	5,355	10,723
	422,555	620,774

LIABILITIES AND SHAREHOLDER'S EQUITY	1991	1990
Current liabilities		
Short-term debt	199,302	39,954
Accounts payable and accrued liabilities	52,947	51,416
Notes payable to Atomic Energy of Canada Limited (Notes 5 (b) and (c))	38,281	158,432
Long-term debt payable within one year (Note 7)	226,207	94,901
	516,737	344,703
Long-term debt (Note 7)	250,000	464,949
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—Unlimited number of common shares		
Issued and fully paid—101 common shares	1	1
Contributed surplus (Note 8)	139,890	139,890
Accumulated deficit (Note 8)	(484,073)	(328,769)
	(344,182)	(188,878)
Contingencies (Notes 5 (b) and 9)		
	422,555	620,774

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

D. McQ. SHAVER
Director

P.J. KEENAN
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

	1991	1990
Corporate operations		
Interest earned on short-term investments and notes receivable	3,683	3,661
Other income	3,105	10,857
	6,788	14,518
Corporate and divestiture expenses	(7,312)	(3,433)
	(524)	11,085
Recovery of divestiture expenses incurred in prior years	4,508	55
Corporate income, net	3,984	11,140
Financial expense, net (Note 7)	(85,170)	(82,552)
	(81,186)	(71,412)
Net income of investee		
Cameco Corporation (Note 6)	19,440	35,274
Provisions for loss on Cameco Corporation (Note 6)	(85,953)	
	(66,513)	35,274
Net loss	(147,699)	(36,138)
Accumulated deficit, beginning of year	(328,769)	(292,356)
Dividends	(7,605)	(275)
Accumulated deficit, end of year	(484,073)	(328,769)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

	1991	1990
Operations		
Cash provided by corporate operations (Note 10)	6,302	12,008
Proceeds on sale of Varity common shares	5,964	
Purchase of Ginn Publishing		(62)
	12,266	11,946
Dividend paid	(7,605)	
	4,661	11,946
Financing		
Increase (decrease) in short-term debt	159,348	39,954
Increase (decrease) in long-term debt	(90,648)	(9,666)
Interest and financing expenses net of amortization of foreign exchange losses	(69,064)	(71,519)
	(364)	(41,231)
Increase (decrease) in cash	4,297	(29,285)
Cash, beginning of year	35,168	64,453
Cash, end of year	39,465	35,168

For purposes of this statement, cash and increase (decrease) in cash includes cash and short-term investments and excludes cash transactions relating to cash restricted as to use.

The accompanying notes are an integral part of these consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991
(All dollar amounts are stated in thousands)

1. The corporation

Canada Development Investment Corporation ("the corporation") was incorporated on May 26, 1982 under the provisions of the Canada Business Corporations Act and is wholly-owned by Her Majesty in Right of Canada. The corporation is subject to the Financial Administration Act and is an agent of Her Majesty.

2. Activities of the corporation

In a statement dated October 30, 1984, the Minister of the Government of Canada ("Government") responsible for the corporation announced the intention of the Government to cause the corporation to dispose of its investments in Massey-Ferguson Limited now Varity Corporation ("Varity") and Massey-Combines Corporation ("Massey-Combines"), Canadair Limited ("Canadair"), The de Havilland Aircraft of Canada, Limited ("de Havilland") and Canada Eldor Inc. ("CEI") in an orderly fashion. Disposals of the corporation's investments in de Havilland and Canadair were completed in 1986. The remaining investment in Massey-Combines was written off in 1988. During 1988, the operating assets of CEI were transferred to Cameco Corporation ("Cameco") in exchange for notes and 38.5% investment in Cameco. In July 1991 Cameco issued 10,400,000 common shares in an initial public offering. This caused CEI's investment in Cameco to be diluted down to 30.8%. In February 1992 the Corporation sold 5,990,724 of its common shares in Cameco leaving it with a 19.3% interest. The only significant continuing activities of CEI are the monitoring of its equity interest in Cameco and continuing the servicing of its debt.

The Government provides authorities and guarantees for the borrowing of CEI of $700,000 of which $660,704 is being utilized at December 31, 1991. Effective January 1, 1993 CEI's current borrowing authority is reduced to $600,000.

Since CEI's ability to generate future cash flows will depend primarily on future dividends received from and further dispositions of its investment in Cameco, CEI's continued existence as a going concern will depend on its ability to obtain debt financing within the extent of its statutory borrowing limits, or future capital injections by the corporation or the Government.

During 1988, the corporation acquired the following two subsidiaries from Atomic Energy of Canada Limited ("AECL"):

(a) Nordion International Inc. ("Nordion") ; and

(b) Theratronics International Limited ("Theratronics").

In November 1991 the corporation sold Nordion (see Note 5 (b)).

Pursuant to a directive received from the Government, the corporation acquired during 1989, a 51% interest in Ginn Publishing Canada Inc. ("Ginn Publishing") from Paramount Communications (Canada) Limited ("Paramount").

Pursuant to an agreement entered into in December 1990 by the corporation, Varity, the Governments of Canada and Ontario, Varity agreed to pay the corporation $7,813 in each of 1990 and 1993 and to maintain certain levels of employment in Canada through to May 1, 1993; the Governments agreed to terminate all prior agreements with Varity; and the corporation continues to have responsibility for monitoring Varity's compliance with the new employment requirements.

During 1991, the corporation sold 450,000 common shares of Varity. It continues to hold 1,250,000 class II preferred shares of Varity.

The Board of Directors of the corporation is continuing to develop approaches to the divestiture of the corporation's remaining investments and to assist the Government in implementing its privatization policies.

3. Significant accounting policies

(a) Basis of consolidation

The financial statements of Cartierville Financial Corporation Inc. ("Cartierville Financial") and CEI, both wholly-owned subsidiaries, have been consolidated with those of the corporation.

(b) Investments in non-consolidated subsidiaries

The corporation's investments in subsidiaries acquired with the objective of eventual disposition or privatization are accounted for using the equity basis, unless (i) there is a formal plan approved by the Government to dispose of the investment, in which case the investments are carried at the lower of the equity basis carrying value and net realizable value; or (ii) the earnings of the subsidiaries and/or gains or losses on dispositions do not accrue to the benefit of the corporation, in which case the investment is carried at the lower of cost and net realizable value. As at December 31, 1991, the corporation's investments in Theratronics and Ginn are carried at the lower of cost which is net realizable value, pursuant to accounting policy (ii) in the prior sentence.

A consolidation of the corporation's financial statements and such subsidiaries has not been prepared as the corporation believes that the adopted accounting method provides a more informative presentation to the shareholder.

(c) Other investments

The corporation's investment in Cameco, a company in which the corporation exercises significant influence, but not control, is accounted for using the equity method. Under this method, the net income (loss) recognized from the investment is the corporation's pro rata share of the investee's net income. Any dividends received will serve to reduce the carrying value of the investment.

Any sale of common shares by Cameco from treasury to third parties dilutes the company's proportionate interest in Cameco. Accordingly, the company calculates an accounting gain or loss on such dilution as if it was a disposition by the company of a portion of its investment in Cameco.

Any shares of Cameco which the company intends to sell in the immediately foreseeable future are carried at the lower of equity method carrying value and net realizable value.

The investment in Varity securities is carried at cost, less proceeds received on disposition.

(d) Amortization of deferred financing costs

Debt discounts and issue expenses associated with long-term financing are deferred and amortized over the term of the debt.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

(e) Foreign exchange

Long-term debt and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at year-end. Certain long-term debt (and related interest payments) payable in foreign currencies has been exchanged through swap agreements into other currencies. Such debt and interest expense is accounted for using exchange rates applicable to the currencies into which they have been swapped. Certain other debt (and/or related interest payments) payable in foreign currencies is hedged for periods of time using forward foreign exchange contracts. Unrealized translation gains and losses on such debt are offset by realized and unrealized translation losses and gains on the forward contracts. The premium on the forward contract is amortized over the term of the contract and is presented as interest expense in the statement of income (loss). Unrealized translation gains and losses on non-hedged long-term debt are deferred and amortized over the remaining term of the debt. All other translation gains and losses are included in the statement of income (loss) in the current period.

4. Cash restricted as to use

These funds are held in a special account in the Consolidated Revenue Fund of Canada on a non-interest basis to satisfy payment of contingent liabilities relating to the sale of the corporation's investments in Canadair (see Note 9 (a)) and Nordion (see Note 5 (b)).

5. Investment in non-consolidated subsidiaries, at cost

The carrying values of the corporation's investments in subsidiaries are as follows:

	Carrying value December 31, 1991	Carrying value December 31, 1990
Ginn Publishing (a)	10,385	10,385
Nordion (b)		146,404
Theratronics (c)	13,281	12,028
	23,666	168,817

(a) Investment in Ginn Publishing

Pursuant to a directive received from the Government, the corporation acquired during 1989, a 51% interest in Ginn Publishing from Paramount.

(b) Nordion

Nordion was sold November 1991 for proceeds of $165,000. The proceeds, net of the corporation's expenses associated with the privatization and an amount of $25,000 held back and deposited in the Consolidated Revenue Fund on a non-interest bearing basis to satisfy indemnity claims relating to the sale, has been paid to AECL. The corporation has not recognized any gain or loss on the sale of Nordion as the original purchase agreement with AECL required the corporation to pay AECL the net proceeds ultimately received by the corporation in the privatization of Nordion.

As part of the purchase and sale agreement, the corporation indemnified the purchaser for general and specific representations contained in the agreement of purchase and sale to the maximum of $25,000. The general indemnity is subject to a deductible of $1,000 and an aggregate limit of $10,000 and expires two years after the date of the sale.

The conditions of the special indemnity were met in February 1992 and $15,000 of the amount held back has been withdrawn from the CRF and paid to AECL. Any balance remaining of the $10,000 withheld to cover the general indemnity, net of claims will be paid to AECL on expiry of the indemnity period and settlement of any outstanding claims.

(c) Theratronics

The share purchase agreement between AECL and the corporation requires the corporation to pay to AECL the fair market value of the shares of Theratronics. The agreement also specifies that the fair market value will be estimated as at the date of transfer, but will subsequently be adjusted to an amount equal to the price ultimately received by the corporation in the subsequent privatization sale of Theratronics. Furthermore, the agreement specifies that the corporation is not required to make payment of the purchase price to AECL until 60 days after the privatization sale.

Accordingly, AECL will ultimately receive the full proceeds realized upon privatization of Theratronics, less the corporation's expenses associated with the privatization.

Thus, while the corporation has title to the shares of Theratronics and executive management control over its operations prior to its privatization, the corporation did not acquire the normal risks and benefits associated with share ownership. Accordingly, the corporation has recorded its investment in Theratronics at a deemed cost represented by the net book values of Theratronics at December 31, 1991 and 1990, with an off-setting non-interest bearing note payable to AECL, and has not recognized any income or loss on this investment.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

6. Other investments

	Carrying value December 31, 1990	Equity in income	Net proceeds	Dividends	Provision for loss	Carrying value December 31, 1991
Cameco	372,759	19,440	(83,870)	(3,998)	(85,953)	218,378
Varity	23,139		(5,964)			17,175
	395,898	19,440	(89,834)	(3,998)	(85,953)	235,553

Investment in Cameco

In connection with the sale of CEI's assets to Cameco in 1988, CEI took back as part of its consideration 15,990,724 common shares in Cameco, representing a 38.5% ownership interest.

In July 1991 Cameco issued 10,400,000 common shares in an initial public offering. This issuance caused the company's interest in Cameco to be diluted down to 30.8% from 38.5%. The company's proportionate share of the equity in Cameco was reduced by $39,000 as a result of the issue of the treasury shares.

On February 5, 1992 the company entered into an underwriting agreement with a group of underwriters for the sale of 5,990,724 special warrants for $14.60 per warrant which entitle the holders to receive, subject to certain terms and conditions but without further payment, one common share of Cameco per warrant. Gross proceeds of the issue and sale of the special warrants was $87,465. Costs of the transaction are estimated at $3,595, resulting in net proceeds of $83,870 or $14.00 per share. The company's carrying cost per share exceeded these net proceeds per share; accordingly, the company recorded a loss of $46,953. This loss has been reflected in the net loss for the year ended December 31, 1991. The Cameco common shares sold subject to these warrants are presented in the company's balance sheet as "Shares of Cameco Corporation held for sale" at their net realizable value.

As a result of these transactions, the company will own 19.3% of the common shares of Cameco. The company believes that it continues to possess the ability to exercise significant influence over Cameco as a result of the shareholders' agreement between the Governments of Canada and Saskatchewan that provides for representation on Cameco's board of directors for each government for so long as they are shareholders; accordingly, the company's remaining investment is carried at the company's proportionate interest in the net shareholders' equity of Cameco as reported on its financial statements for the year ended December 31, 1991.

The following is a summary of Cameco's financial position and results of operations:

	1991	1990
Financial position		
Current assets	229,571	264,323
Current liabilities	(48,623)	(51,625)
Working capital	180,948	212,698
Non-current assets	1,144,425	1,154,869
	1,325,373	1,367,567
Long term debt and other liabilities	(191,601)	(389,595)
Shareholder's equity	1,133,772	977,972
Results of operations		
Revenues	284,363	315,575
Expenses	(220,721)	(239,604)
Interest and other (expense) income	(13,114)	18,112
Income before income taxes	50,528	94,083
Income taxes	2,635	2,462
Net income	47,893	91,621

The Governments of Canada and Saskatchewan intend to dispose of their remaining shares over the next four years. The ultimate recovery of the carrying value of the shares will depend on the outcome of the future disposition of these shares.

7. Long-term debt

	1991	1990
Loan due 1991, at 4.75% (95,000 Swiss francs)		86,355
Loan due 1992, at 6.5% (100,000 Swiss francs) (a)	53,269	53,269
Notes due 1992, at 14.5% ($100,000 U.S.) (b)	119,000	119,000
Bonds due 1992, at 5.25% (6,000,000 Japanese yen) (c)	55,536	59,829
Notes due 1993, at 11.75%	250,000	250,000
Sub-total	477,805	568,453
Less		
Current portion of long-term debt listed above	226,207	94,901
Deferred losses on foreign exchange	1,598	8,603
Total	250,000	464,949

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

(a) Through a series of swap transactions, CEI has fixed the repayment of the loan due 1992, at a Canadian dollar amount of $53,269 and has fixed the interest rate at 17.15%.

(b) Through a series of swap transactions, CEI has fixed the repayment of the notes due 1992 at a Canadian dollar amount of $119,000 and has fixed the interest rate at 15.835%.

(c) Through foreign exchange forward contracts, CEI has hedged its exposure to changes in the Yen exchange rate through to February 1992 and intends to continue this hedging program through to maturity of the bonds.

Long-term debt payments due in each of the next two calendar years are: 1992—$227,805; 1993—$250,000.

Financial expense is composed of the following:

	1991	1990
Interest and other income	(161)	(1,277)
Interest expense		
Long-term debt	64,912	69,545
Other	10,118	2,555
Amortization of deferred foreign exchange losses	7,005	10,323
Other finance charges	3,296	1,406
	85,170	82,552

8. Accumulated deficit

Effective as of December 31, 1988, the corporation's shareholder approved the elimination of the December 31, 1988 accumulated deficit of $3,366,875 by a charge to contributed surplus.

9. Contingencies

(a) On December 23, 1986, the corporation sold its investment in Canadair Limited to Bombardier-Canadair Inc. The corporation and the Government have agreed to indemnify Bombardier-Canadair Inc. and Canadair Limited for specified product related claims for fifteen years from December 23, 1986 for which insurance coverage is unavailable or economically impracticable to obtain. Reasonable estimates of the effects, if any, of such indemnities cannot be made at this time. Such amounts will be recognized in future years, as appropriate, when reasonable estimates can be made as to the likely amount, if any, which will ultimately be paid pursuant to the indemnities.

(b) Under the terms of the agreement between CEI and Cameco, CEI and Cameco agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to certain specified existing wastes accumulated by CEI to October 5, 1988, the date of transfer of assets. Cameco assumed liability for the first $2,000 of joint costs. The next $98,000 in joint costs will be shared 23/98ths by Cameco, 75/98ths by CEI. CEI assumed liability for joint costs in excess of $100,000. CEI accrues for these costs on an annual basis, based on estimates available.

(c) The corporation is the defendant in certain litigation. While the amount of any ultimate liability cannot yet be determined, the corporation, after discussion with legal counsel, is of the opinion that there will be no material adverse effect on its financial position.

	1991	1990
Net operating income	3,984	11,140
Decrease (increase) in accounts receivable	614	772
Decrease (increase) in other assets		81
Decrease (increase) in accrued liabilities	1,641	35
Net decrease (increase) in corporate fixed assets	63	(20)
Cash provided by corporate operations	6,302	12,008

10. Cash provided by corporate operations

11. Subsequent event

In January 1992 the corporation paid two cash dividends aggregating $15,964 to the Government of Canada.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX

THERATRONICS INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Theratronics International Limited as at December 31, 1991 and the statements of earnings, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, the transactions of the Company that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the charter and by-laws of the Company and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
February 14, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash	3,358	1,573
Accounts receivable	8,000	12,245
Inventories (Note 2)	9,241	9,927
Prepaid expenses	203	510
	20,802	24,255
Capital assets (Note 3)	2,627	2,763
In-reactor cobalt inventory	1,899	2,687
Notes receivable		760
Long-term investments (Note 4)	1,931	
Other asset		1,303
	27,259	31,768

LIABILITIES AND SHAREHOLDER'S EQUITY	1991	1990
Current liabilities		
Accounts payable and accrued liabilities	8,512	12,499
Deferred revenue	2,941	3,158
Bank demand loan		1,553
	11,453	17,210
Employee termination benefits	2,525	2,231
Non-controlling interest in subsidiary		299
SHAREHOLDER'S EQUITY		
Share capital (Note 5)	9,588	9,588
Retained earnings	3,693	2,440
	13,281	12,028
Commitments (Note 10)		
	27,259	31,768

See accompanying notes to financial statements.

On behalf of the Board:

W. R. TESCHKE
Director

H.M.F. WARLAND
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

	1991	1990
Sales	48,542	54,586
Cost of goods sold	34,741	38,332
	13,801	16,254
Operating expenses		
Marketing	4,069	3,686
Administration	4,815	7,057
Research and development	959	2,148
Product support	1,783	721
	11,626	13,612
Operating income	2,175	2,642
Equity in loss of associated company	184	
Non-controlling interest in subsidiary		(341)
Regulatory related costs (Note 6)	738	
Severance expense		723
Service inventory write-down		2,099
	922	2,481
Net earnings (Note 7)	1,253	161

See accompanying notes to financial statements.

STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

	1991	1990
Retained earnings, beginning of year	2,440	2,279
Net earnings	1,253	161
Retained earnings, end of year	3,693	2,440

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

	1991	1990
Cash provided by (used in)		
Operations		
Net earnings	1,253	161
Service inventory write-down		2,099
Depreciation	705	649
Non-controlling interest in subsidiary		(341)
Equity loss of associated company	184	
Amortization of goodwill		45
Loss on disposal of equipment	110	
In-reactor cobalt-60 decay	223	
	2,475	2,613
Increase in operating working capital (Note 8)	2,545	(4,897)
	5,020	(2,284)
Investments		
Repayments (issuance) of notes receivable	476	(692)
Acquisition of equipment	(1,212)	(747)
Acquisition of in-reactor cobalt		(621)
Disposal of land	235	
Advances to Meicor, Inc.	(465)	
	(966)	(2,060)
Financing		
Increase (decrease) in demand loan	(1,000)	1,553
Payment of termination benefits		(584)
	(1,000)	969
Increase (decrease) in cash	3,054	(3,375)
Cash, beginning of year	1,573	2,542
Consolidated MHTI cash not reflected in current year equity accounting	(1,269)	
Acquisition of MHTI net asset position represented by cash		2,406
Cash, end of year	3,358	1,573

See accompanying notes to financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991
(All dollar amounts are stated in thousands)

Theratronics International Limited ("Theratronics") is incorporated under the Canada Business Corporations Act and is subject to the Financial Administration Act. The primary business of Theratronics is the manufacture, sales and service of radiotherapy and related equipment and services to hospitals and medical institutions around the world. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector. No assessment of the potential impact of privatization has been made or reflected in the consolidated financial statements.

1. Significant accounting policies

(a) Capital assets

Capital assets are initially recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Site service	15 years
Building	25 to 30 years
Leasehold improvements	3 years
Machinery and equipment	3 to 10 years

(b) Inventories

Work-in-process and finished goods inventories are valued at the lower of cost and estimated net realizable value. Raw material, service inventory, and accelerator product parts are valued at the lower of cost and replacement cost. Cost is determined on a first-in first-out basis and includes material, labour and manufacturing overhead where applicable. Decay of radioactive inventory is expensed as it occurs.

Cobalt-60 inventory is recorded on discharge from reactors. The Company records advance payments, required under certain contractual circumstances, as in-reactor cobalt inventory.

(c) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

(d) Employee termination benefits

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The amount provided to cover this liability incudes a vested portion, covering employee service to date, and a non-vested portion covering anticipated future service and inflation. These benefits are recorded on the basis of actuarial assumptions as to future events.

(e) Warranty provision

A provision is recorded for estimated warranty costs at the time of product sale.

(f) Revenue recognition

Revenue from the sale of radiotherapy units and related equipment is recognized upon shipment. Revenue from field services is recognized at the time services are rendered. Revenue from service contracts is recognized on a straight-line basis over the term of the contract.

(g) Investments

Investments in companies over which the Company has significant influence are being accounted for using the equity method of accounting, by which the original cost of the shares is adjusted for the Company's post acquisition share of earnings or losses less dividends.

Other investments are accounted for using the cost method.

2. Inventories

	1991	1990
Service inventory	2,708	2,812
Manufacturing		
Raw materials	1,899	2,492
Work-in-process	2,162	2,188
Finished goods	1,521	1,528
Cobalt-60	951	907
	9,241	9,927

The radiotherapy industry demands timely response to customer needs for product and warranty service. Accordingly, the service inventory is maintained by the Company to provide an adequate service level to worldwide customers and based on the Company's estimate of usage and the customers' anticipated level of service and requirements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Continued*

3. Capital assets

	Cost	Accumulated depreciation	Net book value 1991	1990
Land	69		69	304
Site service	471	265	206	153
Buildings	3,474	3,117	357	388
Machinery and equipment	6,638	4,659	1,979	1,831
Furniture and fixtures				71
Leasehold improvements	19	3	16	16
	10,671	8,044	2,627	2,763

4. Long-term investments

(i) MHTI

In 1990, the Company acquired control of Medical High Technologies Inc. ("MHTI"). The acquisition of MHTI was accounted for by the purchase method and MHTI was consolidated in the Company's 1990 financial statements.

In 1991, a portion of the Company's interest in MHTI was redeemed for nominal consideration, reducing the Company's holdings to 48% of the outstanding common shares of MHTI. The majority shareholders of MHTI now control MHTI's operating, investing and financing decisions and as a result, the Company no longer exercises control or significant influence over MHTI. Consequently, the Company has ceased to consolidate MHTI. The investment in MHTI is recorded in the Company's financial statements at its carrying value at the time consolidation ceased. At that time, the Company's share of losses of MHTI exceeded its investment by approximately $548.

MHTI was formed in 1982 to provide equipment maintenance services on CT Scanners and in 1988 developed a product with interactive software known as the CT-SIM.

(ii) Meicor, Inc.

In 1990, the Company, through MHTI, acquired control of Meicor, Inc. ("Meicor"). The acquisition of Meicor was accounted for by the purchase method and Meicor, through MHTI, was consolidated in the Company's 1990 financial statements.

In 1991, the investment in Meicor was transferred from MHTI to the Company. Consequently, the Company now holds directly 65% of the common shares of Meicor. Also in 1991, the Company adopted a formal plan to obtain additional equity financing in Meicor from an outside investor to further develop and market Meicor's product. Successful completion of the plan is expected to result in a loss of the Company's control position in Meicor. Due to the plan adopted by the Company, control in Meicor is expected to be temporary, the investment in Meicor is accounted for at the lower of the carrying value determined using the equity method and estimated net realizable value. Meicor Inc., incorporated in 1986, is a development stage company which owns the technology proprietary designs, patents and manufacturing and distribution rights to an array of air-cooled metal-ceramic x-ray tubes.

5. Share capital

The authorized share capital of the Company consists of an unlimited number of no par valued common shares with issued and outstanding shares totalling 10,000.

6. Regulatory related costs

The Company is currently under an import alert by the United States Food and Drug Administration ("FDA") and is restricted from shipping products built in its Kanata facility into the United States pending an FDA "good manufacturing practises review". Sales of these products to the U.S. market in 1991 were $3,356 (1990—$8,006). Costs of $738 were incurred in 1991 in preparation for this review which is expected in April 1992.

7. Income taxes

Initially the Company, as a division and then a subsidiary of Atomic Energy of Canada Limited ("AECL"), was exempt from income taxes. However, as a wholly-owned subsidiary of Canada Development Investment Corporation ("CDIC"), this exemption does not apply and the Company became subject to federal income taxes effective September 30, 1988. As a wholly-owned subsidiary of a Federal Crown Corporation, the Company is not subject to provincial income taxes.

The Company's expected income tax rate is the net Federal statutory rate (including surtax) of 30.84% less the applicable manufacturing and processing deduction of 4.5%. The 1991 effective tax rate is zero due to the utilization by the Company of the permanent differences related to the assets of the Company at the date it became subject to income taxes. Permanent differences totalling $5,864 (1990—$7,619) remain available to reduce future years' taxable income.

8. Operating working capital

	1991	1990
Accounts receivable	4,051	(5,154)
Inventories	429	1,357
Prepaid expenses	279	71
Accounts payable and accrued liabilities	(2,624)	(1,638)
Deferred revenue	116	(48)
Employee termination benefits	294	515
	2,545	(4,897)

The changes in operating working capital is comprised of:

9. Related party transactions

(a) Theratronics International Limited was incorporated initially as a wholly-owned subsidiary of Atomic Energy of Canada ("AECL"). Assets and liabilities were transferred from AECL to the Company in exchange for 10,000 common shares. Since the transaction occurred between companies under common control, a value of $9,588 was assigned to capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As of September 30, 1988, all of the outstanding common shares were sold to Canada Development Investment Corporation ("CDIC").

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Concluded*

APPENDIX—*Concluded*

THERATRONICS INTERNATIONAL LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

(b) AECL provides the Company with cobalt sources. Total purchases of goods in the year were $571 (1990—$2,732). At December 31, 1991, $275 of these purchases were included in accounts payable (1990—$99). An additional $470 is payable to AECL for cobalt.

The Company provides accelerator product support on behalf of AECL. Total sales of services in the year were $180 (1990—$820). At December 31, 1991, $86 of these sales were included in accounts receivable (1990—$453).

(c) The Company holds 48% of the outstanding common shares and 100% of the preferred shares of Medical High Technology Inc. ("MHTI") located in Clearwater, Florida.

Total purchases from MHTI in 1991 were $2,473. At December 31, 1991, $11 of these purchases were included in accounts payable. Total sales to MHTI in 1991 were $10. At December 31, 1991, $9 was included in accounts receivable.

10. Commitments

(a) Minimum lease payments in accordance with lease commitments are as follows:

1992	805
1993	268
1994	150
	1,223

(b) The Company has a commitment, estimated at approximately $21,000 to purchase cobalt-60 from AECL produced at its Chalk River nuclear laboratory to the year 2008.

(c) The Company has a commitment of approximately $3,700 to purchase CT-SIM units from MHTI over a 16 month period ending April 30, 1993.

11. Sales agents' remuneration

During the year ended December 31, 1991 the Company paid sales commissions totalling $3,067 to the following agents: Medtel Pty. Limited, Australia; Equipo Para Hospitales SA, Mexico; Kamol Sukosol Electric Co. Ltd., Thailand; Tecnologia EM Radiocoa Ltda., Brazil; Radiotherapy-Medical Systems PTY Ltd., Australia; General Marketing and Manufacturing Co. Ltd., India; General Machinery Co. Ltda., Chile; Bureautique Communications Organization Ltd., Channel Islands; Aristons (PVT) Ltd., Sri Lanka; General Medica de Colombia Ltd., Colombia; Meditel Medikal Elektronik Ltd., Turkey; Baron Technologies Inc., Korea; Philips Medizin Systeme GMBH, West Germany; Dada, El Salvador; Mems, South Africa; Nucletron International B.V., Netherlands; M.L. Sethi, India; Springport Taiwan Ltd., Taiwan; Mareibeni Corporation, Japan; Promed International S.A., Panama; Technica, Cyprus; Med-X-Ray, South Africa; Modern Scientific & Electronic Corporation, Saudi Arabia; Muclitial SRL, Italy; Gemed Sistemas Medicos S.A., Venezuela; HEK Medical Systems, West Germany; Societa Lamburda di Televisione, Italy; Yutech Biomedical Systems Co. Ltd., Taiwan; Birla Medical Technologies, India.

CANADA HARBOUR PLACE CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canada Harbour Place Corporation as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, and the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 8, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991	LIABILITIES AND EQUITY OF CANADA	1992	1991
Cash and short-term investments	646	29	Accounts payable	320	424
Accounts receivable	359	784	Equity of Canada	63,671	65,242
Capital assets (Note 4)	62,986	64,853			
	63,991	65,666		63,991	65,666

Discontinuation of Corporation (Note 2).
Lease commitments and contingency (Notes 7 and 8).

Approved by the Board:

JAMES MAW
Director

JAMES GREEN
Director

CANADA HARBOUR PLACE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Operating/utilities recoveries (Note 5)	3,596	3,497
Lease revenues		
Parking	1,371	1,593
Theatre	331	164
Promenade shops	120	126
Restaurant	26	66
Tenant administration fee	159	142
Marketing	42	58
Interest	24	63
Miscellaneous	5	31
	5,674	5,740
Expenses		
Operations		
Utilities	1,434	1,541
Common facilities	1,167	1,171
Central plant	422	387
Tenants work requests	346	287
Shared areas	295	162
Insurance	133	198
	3,797	3,746
Administration, public relations and other (Note 6)	1,447	1,712
	5,244	5,458
Income before amortization	430	282
Amortization	2,001	2,001
Net cost of operations	1,571	1,719

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Cash provided by (used for) operations		
Net cost of operations	(1,571)	(1,719)
Item not requiring cash		
Amortization	2,001	2,001
Changes in non-cash components of working capital	321	(374)
	751	(92)
Cash used for investing activities		
Additions to capital assets	(134)	(565)
Increase (decrease) in cash during the year	617	(657)
Cash and short-term investments		
Beginning of year	29	686
End of year	646	29

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Capital stock (Note 1)		
Contributed capital		
Balance at beginning of year	65,242	66,961
Net cost of operations	1,571	1,719
Balance at end of year	63,671	65,242

CANADA HARBOUR PLACE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and objectives

Canada Harbour Place Corporation was incorporated in 1982 under the Canada Business Corporations Act. The Corporation is an agent Crown corporation and is included in Part I of Schedule III to the Financial Administration Act. The only three shares issued are all held in right of Canada by the Minister of Transport.

The objectives of the Corporation are to promote the presence of the Federal Government in Vancouver, B.C., be financially self sufficient, and manage real property at Canada Place in Vancouver. For this purpose it designed, constructed and manages Canada Place which includes The Vancouver Trade and Convention Centre, a cruise ship terminal, a parking garage, a theatre and restaurant, infrastructure of a hotel, and various commercial and public facilities.

In accordance with a lease agreement with the Province of British Columbia, the Corporation transferred the administration and maintenance of the Trade and Convention Centre in Canada Place including pre-function areas, meeting rooms and banquet facilities, for a term of 20 years with renewal options for three successive similar terms.

2. Discontinuation of Corporation

The Crown Corporations Dissolution or Transfer Authorization Act received Royal Assent on November 26, 1991. Section 2 of this Act authorizes the Minister of Transport to sell or dispose shares or assets of the Corporation on terms and conditions to be approved by the Governor in Council. A Treasury Board Decision of April 9, 1992 requested that the transfer or dissolution be completed by September 1992.

3. Significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Capital assets and amortization

All expenditures, including those for acquisition, design, construction and administration for the permanent structures at Canada Place, were capitalized at the time the facility was fully developed.

Amortization is calculated on a straight-line basis based on the estimated useful lives of the assets. The building is amortized over 40 years, while furniture, fixtures and equipment are amortized over 20 years.

Income taxes

The Corporation is exempt from any liability for income taxes.

Retirement savings plan

Under a group retirement savings plan, a trust was established with a private sector organization to accumulate contributions to provide a retirement income for long-term employees through individually registered retirement savings plans. The Corporation has agreed to make non contributory payments, which are recognized annually, ranging from 5% to 10% of the annual salary for each of these employees.

Operations revenues and expenses

Operations revenues and expenses relate to the management of Canada Place including the leasing of these facilities to various tenants. Central plant and utilities include electricity, natural gas, oil, labour and supplies used to supply power, water, air conditioning and heat for the facility. Common facilities and shared areas include labour, security, engineering and material used to provide the tenants with services as outlined in various leases and agreements.

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Building	65,671	8,205	57,466	59,108
Furniture, fixtures and equipment	7,194	1,674	5,520	5,745
	72,865	9,879	62,986	64,853

Title to that part of the bed of Vancouver harbour on which the facility is located was transferred to the Corporation from Vancouver Port Corporation for one dollar and has been so recorded in site purchase costs.

5. Operating/utilities recoveries

Operating cost recoveries include amounts recovered from the Corporation's tenants for operating expenses, central plant and utilities. During the year, these costs exceeded the associated recoveries by $201,000 (1991—$249,000). This is caused by the Corporation incurring expenses in areas for which it is solely responsible, and cannot charge to its tenants, under the various leases and agreements.

6. Administration, public relations and other expenses

	1992	1991
	(in thousands of dollars)	
Advertising and promotion	607	618
Salaries	314	385
Imax projection system lease	201	190
Promenade shops	88	163
Office heat, light, maintenance	65	114
Legal and professional	63	117
Travel	43	36
Communications	29	34
Repair and maintenance	23	42
Miscellaneous	14	13
	1,447	1,712

7. Lease commitments

The Corporation has entered into a 20 year lease agreement in effect from 1987 for the Imax projection system with a minimum total payment of $3 million. The annual payment for the years remaining in the lease will be $201,000.

CANADA HARBOUR PLACE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

8. Contingency

The Corporation may be liable for certain termination benefits depending on the final results of the Corporation's dissolution or transfer (see Note 2). The estimated maximum liability at March 31, 1992 for such termination benefits is $191,000.

9. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADA LANDS COMPANY LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company Limited for the year ended March 31, 1992. This financial statement is the responsibility of the corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this balance sheet presents fairly, in all material respects, the financial position of the corporation as at March 31, 1992 in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporation Act, the articles and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991	SHAREHOLDER'S EQUITY	1992	1991
	$	$		$	$
Investments (Notes 2(a), (b), 5 and 6)			Capital stock (Note 2(c))		

Approved by the Board:

LARRY O'TOOLE
President

CANADA LANDS COMPANY LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENT
MARCH 31, 1992

1. Authority and activities

The Canada Lands Company Limited, an agent Crown corporation, originally named Public Works Lands Company Limited, was incorporated under the Companies Act in 1956 and was continued under the Canadian Business Corporations Act. It was added to Schedule C to the Financial Administration Act in 1979 and listed as a parent Crown corporation in 1984 in Part I of Schedule III to the Financial Administration Act.

The corporation has, by virtue of its letters patent of incorporation, the power to acquire, purchase, lease, hold, improve, manage, exchange, sell, turn to account or otherwise deal in or dispose of real or personal property or any interest therein. However, it has been used only to hold, in trust for Federal government departments, certain leasehold interests in two properties in London, England, and two properties on Indian reserves in Canada. Funding for these leases is borne by the departments.

2. Significant accounting policies

(a) Investments in subsidiaries

The corporation wholly owns the following three subsidiary corporations:

Canada Lands Company (Vieux-Port de Québec) Inc.
Canada Museums Construction Corporation Inc.
Old Port of Montreal Corporation Inc.

The shares have been acquired in consideration of services rendered.

(b) Exclusion of subsidiaries from consolidation

The financial statements of the subsidiaries are excluded from consolidation because the corporation does not have the right and ability to obtain future economic benefits from the resources of the subsidiaries and is not exposed to the related risks.

(c) Capital stock

The corporation is authorized to issue three shares which shall not be transferred to any person other than a person approved by the Minister of Public Works. The authorized shares have been issued in consideration of services rendered and are held in trust for Her Majesty in right of Canada by the Minister of Public Works.

(d) Services without charge

The corporation does not record the value of services it receives from the Department of Public Works, which include executive and administrative functions as are required for its operations.

3. Financial statement presentation

The corporation has not been involved in any financial transactions. As a result, the balance sheet has nil balances and no other financial statement is presented.

4. Related party transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

5. Information on certain wholly-owned subsidiaries

Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations effective March 31, 1988. However, a decision has yet to be taken with respect to the formal dissolution of the corporation pending the resolution of certain legal matters.

Bill C-8, an Act to provide, among other things, for the transfer of the remaining Canada Museums Construction Corporation Inc. (CMCC) share to Canada Lands Company Limited was assented to November 26, 1991. As a result, CMCC is now a wholly-owned subsidiary of Canada Lands Company Limited.

6. Dissolution of a wholly-owned subsidiary

Canada Lands Company (Mirabel) Limited ceased operations effective March 31, 1991. Authority has been granted in accordance with the Financial Adminstration Act to dispose of all or substantially all of its assets and to procure its dissolution. The corporation was subsequently dissolved on January 8, 1992 in accordance with section 210 of the Canadian Business Corporations Act.

CANADA LANDS COMPANY LIMITED—*Continued*

APPENDIX

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company (Vieux-Port de Québec) inc. as at March 31, 1992. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this balance sheet presents fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the balance sheet have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Cash	8,815	8,815
Accounts receivable (Note 2)	484,865	503,978
	493,680	512,793

LIABILITIES	1992	1991
	$	$
Account payable	1,750	1,750
Due to Minister of Public Works (Note 3)	7,985	27,098
Due to Receiver General for Canada	280,535	280,535
	290,270	309,383
SHAREHOLDER'S EQUITY		
Capital stock (Note 4)		
Contributed surplus	178,250	178,250
Retained earnings	25,160	25,160
	493,680	512,793

Approved by the Board:

DOUGLAS MALONEY
Director

CANADA LANDS COMPANY LIMITED—*Concluded*

APPENDIX —*Concluded*

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.—*Concluded*

NOTES TO THE BALANCE SHEET
AS AT MARCH 31, 1992

1. Authority and activities

Canada Lands Company (Vieux-Port de Québec) inc. was incorporated on April 9, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

Effective August 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation has been responsible for the implementation of a general development plan for the lands of the Vieux-Port de Québec under its jurisdiction and for administering, managing, promoting and operating such lands and their developments. The Corporation fulfilled this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

On May 26, 1988, by order of the Governor General in Council, the Minister of Public Works was authorized to terminate the said agreement. Since April 1st, 1988, the management of the Corporation's affairs has been assumed by the Department of Public Works.

From February 9, 1984 to February 27, 1986, the Corporation was responsible for its own account for the management, charge and direction of a parcel of land together with the improvements thereon which had been transferred to it, subject to certain limiting conditions, by order of the Governor General in Council on February 9, 1984. This property was retroceded on February 27, 1986.

2. Accounts receivable

The accounts receivable include the following amounts:

	$
Public services organization	466,430
Other	18,435
	484,865

The amount receivable from the public services organization is for specific work carried out by the Corporation during the year 1982-83. The related cost is recoverable upon the signing of a protocol by the Corporation, the Canada Ports Corporation and the organization. The protocol, not yet signed, provides for the transfer of certain privileges from the Corporation and the Canada Ports Corporation. The work is completed for all practical purposes. The Corporation has not yet decided to transfer the privileges requested by the organization. It is possible that the Corporation may not recover the related cost.

3. Due to Minister of Public Works

	1992	1991
	$	$
Balance at beginning of the year	27,098	23,868
Payments made by Public Works to settle accounts payable by the Corporation		3,660
Collection made by Public Works of an account receivable by the Corporation	(19,113)	(430)
Balance at end of the year	7,985	27,098

4. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada and which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

5. Contingencies

The Corporation and the corporation Québec 1534-1984 signed a protocol of general understanding determining the rights and obligations of each party for the staging in 1984 of a festive event and for the use of the site and of the equipment under the jurisdiction of the Corporation. Under the terms of the agreement, the Corporation had not granted the right to use the totality of the site, reserving for itself some premises that it might rent for commercial purposes. Leases were signed but, because of poor attendance, several were modified, cancelled or abandoned. The Corporation has received claims arising from these leases and from other activities, for a total of approximately \$1.4 million. The Department of Public Works assumes the settlement of these claims.

CANADA LANDS COMPANY (MIRABEL) LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company (Mirabel) Limited as at January 8, 1992 and the statements of transactions and changes in financial position for the period April 1, 1991 to January 8, 1992. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at January 8, 1992 and the results of its operations and the changes in its financial position for the period April 1, 1991 to January 8, 1992 in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the articles and by-laws of the corporation, as well as the agreement between the corporation and Her Majesty in Right of Canada represented by the Minister of Public Works.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 11, 1992

BALANCE SHEET AS AT JANUARY 8, 1992
(with comparative figures as at March 31, 1991)

ASSETS	January 8, 1992	March 31, 1991
	$	$
Cash		470,240
Mortgage loan receivable (Note 3)		101,700
		571,940

LIABILITIES	January 8, 1992	March 31, 1991
	$	$
Accounts payable		68,689
Due to Minister of Public Works (Note 4)		19,184
Due to Department of Public Works		145,320
Due to Airports Revolving Fund (Note 5)		72,893
Deposits on sale of properties awaiting approval		1
Due to Receiver General for Canada (Note 6)		265,853
		571,940
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)		
		571,940

Approved by the Board:

JOCELYNE OUELLETTE
Director

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Continued*

STATEMENT OF TRANSACTIONS
CARRIED OUT AS AGENT AND ON BEHALF OF
THE MINISTER OF PUBLIC WORKS
FOR THE PERIOD APRIL 1, 1991 TO JANUARY 8, 1992
(with comparative figures for the year ended March 31, 1991)

	January 8, 1992	March 31, 1991
	$	$
Expenditures		
Expenditures incurred for goods received or services rendered		
Operating	5,523	1,026,018
Cost of festivities to highlight the completion of the activities of the corporation		169,000
	5,523	1,195,018
Agricultural investment acceleration program		
Contributions		433,888
Professional services and related expenses		43,450
		477,338
Total expenditures	5,523	1,672,356
Proceeds from other than the direct use of capital assets		
Interest	9,309	93,269
Net expenditures (net proceeds)	(3,786)	1,579,087
Represented by		
Net expenditures (adjustment) to be funded by the Airports Revolving Fund (Note 5)	(762)	1,429,271
Net expenditures to be funded by (net proceeds to be reimbursed to) the Minister of Public Works (Note 4)	(3,024)	149,816
	(3,786)	1,579,087
Cumulative net expenditures since April 9, 1981	68,296,113	68,299,899
Proceeds from the direct use of capital assets		
Sales of properties (after deducting leasehold improvements reimbursed to tenants)	24,800	995,710
Rentals		168,661
Total to be remitted (Note 6)	24,800	1,164,371
Cumulative direct proceeds since April 9, 1981	71,056,046	71,031,246
Excess of direct proceeds over net expenditures		
For the period	28,586	(414,716)
Cumulative since April 9, 1981	2,759,933	2,731,347

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD APRIL 1, 1991 TO JANUARY 8, 1992
(with comparative figures for the year ended March 31, 1991)

	January 8, 1992	March 31, 1991
	$	$
Operating activities		
Transactions carried out as agent and on behalf of the Minister of Public Works		
Proceeds from the direct use of capital assets	24,800	1,164,371
Proceeds from other than the direct use of capital assets	9,309	93,269
Remittances to the Consolidated Revenue Fund	(188,953)	(1,302,822)
Transfer of mortgage loan receivable (Note 3)	(101,700)	
Operating expenditures incurred for goods received or services rendered	(5,523)	(1,195,018)
Agricultural investment acceleration program		(477,338)
	(262,067)	(1,717,538)
Decrease in accounts receivable		141,977
Increase (decrease) in accounts payable	(68,689)	7,008
Increase (decrease) in the amount due to Department of Public Works	(145,320)	16,462
Decrease in deposits on sales of properties awaiting approval	(1)	(200,905)
	(476,077)	(1,752,996)
Investing activities		
Decrease in mortgage loan receivable	101,700	16,950
Financing activities		
Advances received from the Airports Revolving Fund (reimbursement)	(73,655)	1,380,200
Parliamentary appropriations (reimbursement)	(22,208)	136,478
	(95,863)	1,516,678
Decrease in cash during the period	(470,240)	(219,368)
Cash at beginning of the period	470,240	689,608
Cash at end of the period		470,240

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT JANUARY 8, 1992

1. Termination of activities and dissolution of the corporation

Canada Lands Company (Mirabel) Limited, a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act, was incorporated on April 9, 1981 under the Canada Business Corporations Act.

Effective July 1, 1981, pursuant to an agreement between the corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the corporation has been responsible for administering and developing a part of the peripheral lands of Mirabel in order to ensure a normal living environment for residents of the lands while safeguarding the operations of the Mirabel International Airport. The corporation has fulfilled this responsibility in the name and for the account of the Minister of Public Works who continued to hold title to the capital assets for the benefit of Her Majesty. On May 21, 1982, the Privy Council authorized the sale of certain properties; on February 23, 1984, it authorized the disposition of the remaining properties within the territory under its responsibility. On September 19, 1984, a moratorium suspended the sales program; the Privy Council authorized on June 11, 1985 an agricultural investment acceleration program and the resumption of sales under revised terms and conditions, approved by the Treasury Board. These programs are now completed.

Since March 25, 1988, under the terms of specific service agreements, the Department of Public Works had provided the corporation with personnel and also professional and maintenance services.

Following an agreement between the Minister of Transport and the Minister of Public Works for the management by the latest of the ultimate operational zone of the Mirabel Airport, under the responsibility of the Minister of Transport, the corporation and the Department of Transport signed a protocol of understanding for the period April 1, 1989 to March 31, 1991. This protocol of understanding dealt with the implementation and administration of a Long-Term Leasing Program and the Agricultural Renewal Program for the ultimate operational zone of Mirabel Airport. The costs incurred for these programs were reimbursed to the corporation by Airports Revolving Fund of the Department of Transport.

On April 25, 1991, the Governor General in Council authorized:

—the Minister of Public Works to terminate the agreement between Her Majesty in Right of Canada and the corporation whereby the corporation was given responsibility for establishing and managing a land disposal program at Mirabel;

—Canada Lands Company Limited to procure the dissolution of the corporation in accordance with paragraph 91(1)(e) of the Financial Administration Act;

—the corporation to sell or otherwise dispose of all or substantially all of its assets in accordance with paragraph 91(3)(b) of the Financial Administration Act.

The corporation was dissolved on January 8, 1992 through a certificate of dissolution delivered in accordance with the provisions of the Canada Business Corporations Act.

2. Significant accounting policies

(a) Financial statements presentation

The statements present transactions carried out by the corporation as agent and on behalf of the Minister of Public Works. All expenditures, net of proceeds from other than the direct use of capital assets, are reimbursable to the corporation. Proceeds from the direct use of capital assets, principally rentals and sales of properties, are payable to the Receiver General for Canada.

Differences between advance payments received and net reimbursable expenditures are recorded in the balance sheet as due from or due to the Minister of Public Works, or due from or due to Airports Revolving Fund, if applicable.

(b) Contributions

Financial assistance under the agricultural investment acceleration program is recorded in the expenditures of the year in which the eligible work is carried out.

(c) Sales of properties

Sales of properties are recognized when title passes to buyers and the corporation is entitled to receive the amount of the proceeds.

3. Mortgage loan receivable

The corporation granted, in the name and for the account of the Minister of Public Works, a mortgage loan of $152,550, bearing no interest, to a municipality on the sale of a property. The loan is reimbursable on the basis of nine annual instalments of $16,950 starting April 1, 1988. On April 1, 1991 this loan was transferred to the Department of Public Works which will remit the proceeds to the Receiver General for Canada.

4. Due to Minister of Public Works

	January 8, 1992	March 31, 1991
	$	$
Balance at beginning of the period	19,184	32,522
Net proceeds to be reimbursed to (net expenditures to be funded by) the Minister of Public Works	3,024	(149,816)
	22,208	(117,294)
Parliamentary appropriations		
Funds drawn from Vote 5 of the Department of Public Works		169,000
Reimbursement of the unused portion of parliamentary appropriations drawn in previous years	(22,208)	(32,522)
	(22,208)	136,478
Balance at end of the period		19,184

CANADA LANDS COMPANY (MIRABEL) LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT JANUARY 8, 1992—*Concluded*

5. Due to Airports Revolving Fund

	January 8, 1992	March 31, 1991
	$	$
Balance at beginning of the period	72,893	121,964
Advance payments received (reimbursement)	(73,655)	1,380,200
	(762)	1,502,164
Net adjustment to expenditures (net expenditures) for the period		
Operating	762	(951,933)
Agricultural investment acceleration program		
Contributions		(433,888)
Professional services and related expenses		(43,450)
	762	(1,429,271)
Balance at end of the period		72,893

6. Due to Receiver General for Canada

	January 8, 1992	March 31, 1991
	$	$
Balance at beginning of the period	265,853	404,304
Direct proceeds	24,800	1,164,371
	290,653	1,568,675
Remittances to the Consolidated Revenue Fund through		
Department of Public Works	129,952	1,083,287
Airports Revolving Fund	59,001	219,535
	188,953	1,302,822
Transfer of mortgage loan receivable (Note 3)	101,700	
	290,653	1,302,822
Balance at end of the period		265,853

7. Capital stock

The corporation was authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

8. Contingencies

Legal action has been instituted against the corporation, the Attorney General of Canada, the Minister of Transport and the Minister of Public Works by some of the original Mirabel property owners who are asking to have the 1969 expropriation declared invalid. In this context, a number of lessees have ceased to remit their rent to the corporation. On March 27, 1985, a protocol of understanding was entered into with representatives of the original property owners whereby the parties undertake to discontinue all litigation actions between them. This Protocol was approved in principle by the Privy Council on June 11, 1985.

In connection with its regular operations, the corporation was the defendant in certain pending claims. It is the opinion of management that these claims are not founded and no provision was recorded to that effect. The Department of Justice is following on these claims and, if necessary, the Department of Public Works or the Department of Transport will assume the settlement of these claims.

CANADA MORTGAGE AND HOUSING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CMHC management is responsible for establishing and maintaining a system of books, records, internal controls and management practices to provide reasonable assurance that: reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements as at December 31, 1991 were prepared in accordance with the accounting policies, consistently applied, as described in the notes to the financial statements. The financial statements of the Corporate Account, Minister's Account, the Mortgage Insurance Fund, and other Insurance and Guarantee Funds have been presented separately. The financial information contained elsewhere in this report is consistent with that in the financial statements.

The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee, which includes a majority of members who are not officers of the Corporation. The Committee meets from time to time with Management, internal audit staff and independent external auditors to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditors and has submitted its report to the Board of Directors which has approved the financial statements.

The financial statements have been examined by the joint external auditors, Robert D. Hepburn, CA, of the firm Deloitte & Touche and L. Denis Desautels, FCA, Auditor General of Canada. Their reports offer an independent opinion on the financial statements to the Minister Responsible for Canada Mortgage and Housing Corporation.

E.A. Flichel
President and Chief Executive Officer

Karen Kinsley
Vice-President, Finance

FINANCIAL STATEMENTS DECEMBER 31, 1991

CMHC was incorporated as a Crown Corporation by an Act of Parliament on January 1, 1946. Its activities are regulated by the National Housing Act, the Canada Mortgage and Housing Corporation Act and, in certain respects, the Financial Administration Act. Its activities, as reported, include:

Corporate Account

Financing housing and community improvement through the making of loans and investments under specific conditions at interest rates normally at market rates which are generally higher than the rates it pays on funds borrowed from the Government of Canada. Loans and Investments exist in all three planning elements: Market Housing, Social Housing and Housing Support, with the major emphasis (approximately 75%) on Social Housing projects.

Minister's Account

Making certain payments or incurring expenses in the process of delivering housing programs on behalf of the Government of Canada. These payments and expenses include grants, contributions, subsidies, loan forgiveness, losses on real estate, losses under federal-provincial agreements, interest rate losses, research and development, and specified operating costs. The funding for these activities is provided for in Main and Supplementary Estimates, tabled in Parliament. Parliamentary approval is by way of the Appropriations Act together with Statutory Authorities that authorize the responsible Minister to reimburse the Corporation for the specified payments and expenses for the fiscal year concerned. Grants, contributions and subsidies are delivered within the three planning elements with approximately 90% of the total activity relating to Social Housing initiatives.

Funds Administered

Administering certain Insurance and Guarantee Funds on behalf of the Government of Canada. The Mortgage Insurance Fund is the chief instrument for establishing a framework of confidence for mortgage lending by private institutions. This instrument facilitates an adequate supply of mortgage funds by reducing the risk to lenders and encouraging the secondary market trading of mortgages, and thereby increasing access to housing by Canadians. The Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund support Market Housing Initiatives.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the balance sheet of Canada Mortgage and Housing Corporation, Corporate Account as at December 31, 1991, and the statements of operations and reserve fund and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Mortgage and Housing Corporation Act, the National Housing Act and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
March 19, 1992

CORPORATE ACCOUNT

BALANCE SHEET DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Loans and investments (Note 2)	8,699,441	8,946,559
Deferred receivable from the Minister	74,514	
Accounts receivable	4,801	7,157
Due from the Minister (Note 3)	15,871	35,316
Due from the Funds Administered	471	
Deferred income taxes	5,819	4,675
Assets under capital lease (Note 4)	36,872	38,982
Business premises and equipment (Note 5)	20,096	19,348
Other assets	4,300	4,745
	8,862,185	9,056,782

LIABILITIES	1991	1990
Borrowings from the Government of Canada (Note 6)	8,618,996	8,702,618
Obligation under capital lease (Note 7)	38,038	38,803
Cheques issued in excess of funds on deposit	79,459	153,626
Accounts payable and accrued liabilities	61,692	77,669
Due to the Receiver General for Canada	14,000	31,261
Due to Funds Administered		2,805
	8,812,185	9,006,782
CAPITAL AND RESERVE FUND		
Capital		
Authorized and fully paid by the Government of Canada	25,000	25,000
Reserve Fund (Note 8)	25,000	25,000
	8,862,185	9,056,782

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

STATEMENT OF OPERATIONS AND RESERVE FUND
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Interest earned	770,336	805,677
Interest expense	715,381	737,487
Margin on financing operations	54,955	68,190
Real estate sales	6,822	9,711
Cost of real estate sold	3,581	5,939
Gain on real estate	3,241	3,772
Other income	5,220	2,842
Income before operating expenses	63,416	74,804
Operating expenses (Note 9)	32,814	31,680
Income before taxes	30,602	43,124
Taxes (Note 10)	12,357	31,920
Net income	18,245	11,204
Reserve Fund, beginning of year	25,000	25,000
	43,245	36,204
Due to the Receiver General for Canada	18,245	11,204
Reserve Fund, end of year	25,000	25,000

See accompanying notes.

CORPORATE ACCOUNT

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income	18,245	11,204
Add: net change in accrued interest	(113,110)	(58,042)
Amortization	4,916	2,855
Deferred income taxes	(1,144)	(2,717)
	(91,093)	(46,700)
Changes in		
Due to/from		
the Receiver General for Canada	(35,506)	(40,987)
Funds Administered	(3,276)	(2,215)
the Minister	19,445	85,134
Accounts receivable	2,356	5,170
Accounts payable and accrued liabilities	(15,977)	14,638
Other assets	445	(1,991)
	(123,606)	13,049
Investment activities		
Loans and investments		
Repayments	587,838	385,143
Additions	(234,449)	(217,211)
Deferred receivable from the Minister	(74,514)	
Increase in assets under capital lease		(38,982)
Additions to business premises and equipment	(3,554)	(4,949)
	275,321	124,001
Financing activities		
Government of Canada borrowings		
Borrowings	283,510	284,000
Repayments	(360,293)	(399,040)
Change in obligation under capital lease	(765)	38,803
	(77,548)	(76,237)
Increase in cash position	74,167	60,813
Cheques issued in excess of funds on deposit		
Beginning of year	(153,626)	(214,439)
End of year	(79,459)	(153,626)

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Summary of accounting policies

(a) Basis of presentation

Financial statements for the Corporate Account are presented separately from the Minister's Account and the Funds Administered.

The Corporate Account is prepared in accordance with generally accepted accounting principles.

(b) Loans

Loans under certain programs give rise to interest rate losses that are recoverable from the Minister.

If loans contain forgiveness clauses, such forgiveness is recorded and recovered from the Minister when the loans are advanced.

No provisions are made for possible losses on loans. Losses on insured loans are recoverable from the Mortgage Insurance Fund. Property acquired upon default of uninsured loans is subject to loss recovery as described under Real Estate. Other losses on uninsured loans are recoverable from the Minister.

(c) Federal-provincial agreements

Loans and investments are made under various cost-sharing agreements with the provinces and territories to encourage development of rental housing, land assembly, cooperative housing, rural and native housing, and housing rehabilitation.

Only the Corporation's share of costs plus capitalized interest are reflected in these statements.

The Corporation's share of subsidies and losses related to these agreements is recovered from the Minister.

Gains on the sale of land assembly projects are recognized as income in the Corporate Account.

(d) Real estate

Real estate includes vacant land and properties acquired directly by the Corporation, or through the Government of Canada at no cost, or through default on uninsured loans.

All real estate is recorded at cost, which includes acquisition costs and any modernization and improvement costs.

Holding costs, including interest, on real estate acquired directly by the Corporation are capitalized up to appraised value after which the costs are expensed in the Corporate Account. Gains or losses on the disposal of these properties are recorded in the Corporate Account. Losses resulting from permanent decline in the value of property are recognized in the year in which these loses are identified.

Holding costs, including interest, on real estate acquired through the Government of Canada at no cost, or through default on uninsured loans, are capitalized. Gains or losses on the disposal of these properties are paid to or recovered from the Minister. All net operating losses on real estate are recovered from the Minister.

(e) Deferred Receivable from the Minister

Commencing April 1, 1991, recoveries from the Minister for expenditures on modernization and improvements to properties under federal-provincial agreements are recovered over ten years.

(f) Amortization

Buildings included as real estate in Loans and Investments are written off and charged to the Minister on a straight-line basis over an expected useful life of normally fifty years.

Assets Under Capital Lease and Business, Premises and Equipment are amortized on a diminishing balance basis over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis.

(g) Pension costs and obligations

The cost of pension benefits earned by employees is charged to income as services are rendered. Adjustments arising from pension plan amendments, experience gains and losses, and changes in assumptions are amortized over the expected average remaining service life of the employee group.

2. Loans and investments

	1991	1990
	(in thousands of dollars)	
Loans	4,154,133	4,443,082
Federal-provincial agreements		
Loans	2,765,331	2,789,576
Investments in housing projects	1,695,681	1,636,921
Land assembly projects	25,285	24,847
	4,486,297	4,451,344
Real estate		
Investments in housing projects	16,294	17,246
Land	42,717	34,887
	59,011	52,133
Total loans and investments	8,699,441	8,946,559

3. Due from the Minister

	1991	1990
	(in thousands of dollars)	
Expenditures	1,961,980	1,886,122
Due from the Minister, beginning of year	35,316	120,450
	1,997,296	2,006,572
Recoveries	1,981,425	1,971,256
Due from the Minister, end of year	15,871	35,316

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

4. Assets under capital lease

	Rate	Cost	Accumulated amortization	Net book value 1991	Net book value 1990
	%	(in thousands of dollars)			
Building	4	29,809	1,192	28,617	29,809
Leasehold improvements	10	9,173	918	8,255	9,173
Total		38,982	2,110	36,872	38,982

Amortization in 1991 was $2.1 million.

5. Business premises and equipment

	Rate	Cost	Accumulated amortization	Net book value 1991	Net book value 1990
	%	(in thousands of dollars)			
Land		171		171	171
Buildings	5	17,675	6,772	10,903	8,689
Leasehold improvements	20	7,154	6,100	1,054	1,351
Equipment	8, 20 or/ou 30	31,057	23,089	7,968	9,137
Total		56,057	35,961	20,096	19,348

Amortization, excluding assets under the capital lease, in 1991 was $2.8 million (1990—$2.9 million).

6. Borrowings from the Government of Canada

The Corporation borrows from the Government of Canada under the provisions of the Canada Mortgage and Housing Corporation Act and the National Housing Act to finance loans and investments. The interest rates on these debentures or interim receipts vary from 2.00 to 17.96%. The terms are up to 50 years.

The payments scheduled for the next five years are:

	(in thousands of dollars)
1992	333,800
1993	246,300
1994	204,100
1995	181,800
1996	181,900

7. Obligation under capital lease

The Corporation financed additions and improvements to the National Office building in 1990 with a long-term lease, which is accounted for as a capital lease. The Corporation assumes ownership of the building for a cost of one dollar at the termination of the lease in 2015.

The annual lease payments are $5.2 million for the first 10 years and $3.6 million for the remaining 15 years.

The minimum lease payments are:

	(in thousands of dollars)
1992 to 1996	25,844
1997 to 2015	73,890
Total future minimum lease payments	99,734
Less interest at 11.77 and 11.57%	61,696
Present value of minimum lease payments	38,038

Interest expense in 1991 was $4.4 million (1990—$1.1 million).

8. Reserve Fund

Net income or loss is transferred to the Reserve Fund, which is limited by Order-in-Council to $25 million. Any excess is paid to the Receiver General for Canada.

9. Operating expenses

The operating expenses of the Corporation are allocated on the basis of staff utilization as follows:

	1991	1990
	(in thousands of dollars)	
Corporate Account	32,814	31,680
Minister's Account	109,827	107,918
Funds Administered	85,716	78,964
Total	228,357	218,562

10. Taxes

Taxes include income tax and Large Corporations Tax (LCT).

Income tax in 1991 is $12.3 million (1990—$16.7 million). The tax rate in 1991 is 38% (1990—38%).

Proposed amendments to the Income Tax Act, effective January 1, 1991, will exclude the Corporation's borrowings from the Government of Canada from its tax base for the LCT. The proposed amendments, which are still subject to Parliamentary approval, have been reflected in the financial statements. As a result, the LCT expense for the year is $101.4 thousand (1990—$15.2 million). The LCT rate is 0.2% (1990—0.175%).

In concert with the change in the Corporation's LCT tax base and Parliamentary approval, proposed amendments to the National Housing Act will subject the Corporation's Insurance and Guarantee Funds to income tax and LCT effective January 1, 1991. Should these amendments not pass, the LCT expense for the year would increase by $17.1 million, while the amount due to the Receiver General would decrease by $17.1 million in the Statement of Operations and Reserve Fund. No taxes would be exigible against the Funds.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

11. Commitments

(a) Loans and investments

Commitments outstanding for loans and investments amounted to $258.3 million at December 31, 1991 (1990—$231.0 million).

(b) Operating leases

Minimum rental payments scheduled over the next five years on business premises and equipment under long-term non-cancellable leases are:

	1992	1993	1994	1995	1996	Thereafter	Total
	(in thousands of dollars)						
Business premises	8,042	7,966	6,900	4,710	4,139	4,099	35,856
Equipment	10,897	9,913	8,456	8,431	6,630		44,327
Total	18,939	17,879	15,356	13,141	10,769	4,099	80,183

12. Contingent liabilities

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. While CMHC was successful before the courts in 1991, the decision has been appealed. There are other legal claims against the Corporation of $4.1 million at the end of 1991 (1990—$4.1 million). Due to the uncertainty of the outcome of these events, no provision for loss has been made. Should costs arise as a result of these actions, they would be expensed when determined.

13. Interest capitalized

The amount of interest capitalized on real estate in 1991 was $2.4 million (1990—$2.2 million).

14. Pension plan

The Corporation maintains an indexed, defined benefit pension plan. Retirement benefits are based on the average salary in any best five-year period and the number of years of service.

The accrued pension benefits are determined using the projected benefits method prorated on service. The pension valuation and cost in 1991 reflect management's best estimates based on expected investment yields, salary escalation, mortality of members, and the ages at which members retire.

The Corporation's funding policy is to contribute the amount required to provide for current benefits attributed to service and to pay the unfunded pension plan liabilities over periods permitted by regulatory authorities.

Based on the actuarial valuation at January 1, 1990 and using management's best estimates, the status of the plan at December 31, 1991 was:

	1991	1990
	(in thousands of dollars)	
Net assets available for benefits	505,900	472,108
Actuarial value of accrued pension benefits	504,302	472,036
Excess of net assets over actuarial value of accrued pension benefits	1,598	72

Annual pension cost includes:

	1991	1990
	(in thousands of dollars)	
Current service costs	10,038	9,616
Government pension plans	1,822	1,669
Amortization of experience gains and losses	(626)	(623)
Total	11,234	10,662

15. Interest loss recoveries

The Corporation was authorized by the Government of Canada to approve certain loans and investments at a negative interest margin and to recover the loss from the Minister. The interest loss recovered is included in interest income. The recoveries by program are:

	1991	1990
	(in thousands of dollars)	
Market housing	29,704	39,477
Social housing	19,090	20,166
Housing support		981
Total	48,794	60,624

16. Comparative figures

The 1990 comparative figures have been reclassified to conform to the 1991 statement presentation.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

MINISTER'S ACCOUNT

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the Canada Mortgage and Housing Corporation, Minister's Account—Statement of Expenditures and Recoveries for the year ended December 31, 1991. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the expenditures for and recoveries from the Minister for the year ended December 31, 1991 in accordance with the accounting policies described in Note 1 to this financial statement.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
March 19, 1992

MINISTER'S ACCOUNT

STATEMENT OF EXPENDITURES AND RECOVERIES
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Expenditures		
Market housing	155,458	67,484
Social housing	1,654,835	1,671,268
Housing support	11,935	13,029
Fees paid to delivery agents	29,925	26,423
Operating expenses	109,827	107,918
	1,961,980	1,886,122
Due from the Minister, beginning of year	35,316	120,450
	1,997,296	2,006,572
Recoveries	1,981,425	1,971,256
Due from the Minister, end of year	15,871	35,316

See accompanying notes.

MINISTER'S ACCOUNT

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 1991

1. Summary of accounting policies

(a) Basis of presentation

The financial statements for the Minister's Account is presented separately from those of the Corporate Account and each of the Funds Administered.

(b) Accruals

No accruals are made at December 31 in this account. Year-end for the Government of Canada is March 31, at which time accruals will be recorded in accordance with Treasury Board Guidelines and reported in the Public Accounts of Canada. Expenditures made on behalf of the Minister are recorded as recoverable when disbursed.

2. Change in accounting policy

Effective April 1, 1991, the Corporation changed its method of accounting for expenditures for modernization and improvements to properties under federal-provincial agreements. These expenditures are now recovered from the Minister over a period of ten years. Prior to April 1, 1991, these costs were expensed and recovered from the Minister as incurred. This change has been applied prospectively.

As a result of this change, modernization and improvement expenditures for the nine month period ended December 31, 1991 of $74.5 million have been deferred.

For the year ended December 31, 1990, and the three months ended March 31, 1991, expenditures of $91.3 million and $23.5 million, respectively, were recovered from the Minister.

3. Contingent liabilities

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. While CMHC was successful before the courts in 1991, the decision has been appealed. It is uncertain if costs arising from these actions could be charged to the Government of Canada. There were other legal claims of $8.3 million at the end of 1991 (1990—$7.2 million), which if successfully held against the Corporation, could result in charges to the Minister's Account. Due to the uncertainty of the outcome of these events, no provision for losses has been made. Should costs arise as a result of these actions, they would be charged when determined.

4. Operating expenses

Operating expenses allocated by the Corporation to the Minister's Account in 1991 were $109.8 million (1990—$107.9 million).

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the balance sheets of the Funds Administered by Canada Mortgage and Housing Corporation: Mortgage Insurance Fund, Mortgage-backed Securities Guarantee Fund, Home Improvement Loan Insurance Fund and Rental Guarantee Fund as at December 31, 1991, and the statements of operations and surplus for the year then ended. We have also audited the statements of changes in financial position of the Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these funds as at December 31, 1991 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Mortgage and Housing Corporation Act, the National Housing Act and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
March 19, 1992

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Investment in securities (Note 2)	1,175,748	935,663
Real estate	122,930	121,621
Mortgages	23,833	45,208
Deferred income tax	14,849	
Accounts receivable	1,442	1,247
Due from Canada Mortgage and Housing Corporation		2,501
	1,338,802	1,106,240

LIABILITIES	1991	1990
Accounts payable and accrued liabilities	5,777	7,466
Due to Canada Mortgage and Housing Corporation	804	
Due to the Receiver General for Canada	2,336	
Provision for claims	447,840	282,255
Unearned premiums	703,122	611,034
Premium deficiency	29,540	41,100
	1,189,419	941,855
SURPLUS		
Unappropriated surplus	57,383	98,385
Appropriated surplus (Note 3)	92,000	66,000
	149,383	164,385
	1,338,802	1,106,240

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF OPERATION AND SURPLUS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Earned premiums	159,849	172,283
Application fees	22,988	17,015
Income from investments	107,908	87,815
Other	4,446	5,665
	295,191	282,778
Expenses		
Loss on claims	84,570	23,880
Issuance	50,034	50,319
Operating expenses	34,077	27,839
Adjustment to provision for claims	165,585	78,376
	334,266	180,414
Earnings	(39,075)	102,364
Adjustment to premium deficiency	11,560	14,634
Income (loss) before taxes	(27,515)	116,998
Taxes (Note 4)	(12,513)	
Net income (loss)	(15,002)	116,998
Unappropriated surplus		
Balance, beginning of year	98,385	47,387
Transfer to appropriated surplus (Note 3)	(26,000)	(66,000)
Balance, end of year	57,383	98,385
Appropriated surplus		
Balance, beginning of year	66,000	
Transfer from unappropriated surplus	26,000	66,000
Balance, end of year	92,000	66,000
Total surplus	149,383	164,385

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Premiums received	251,937	191,079
Application fees	22,988	17,015
Investment income received	105,909	72,761
Claims paid	(161,303)	(97,799)
Proceeds from sales of real estate	78,158	67,735
Operating expenses	(84,547)	(77,469)
Other	17,922	12,715
	231,064	186,037
Investment activities		
Investment in securities	(234,369)	(188,156)
Decrease in due from Canada Mortgage and Housing Corporation	(3,305)	(2,119)

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Investment in securities (Note 2)	18,418	11,382
Due from Canada Mortgage and Housing Corporation	91	45
	18,509	11,427

LIABILITIES AND SURPLUS	1991	1990
Unearned guarantee fees	11,603	8,080
Due to the Receiver General for Canada	1,380	
Surplus	5,526	3,347
	18,509	11,427

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Earned guarantee fees	2,755	1,727
Application fees	856	549
Income from investments	1,408	969
	5,019	3,245
Expenses		
Operating expenses	1,450	746
Other	10	
	1,460	746
Income before taxes	3,559	2,499
Taxes (Note 4)	1,380	
Net income	2,179	2,499
Surplus, beginning of year	3,347	848
Surplus, end of year	5,526	3,347

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Guarantee fees received	6,278	4,242
Application fees	856	549
Investment income received	1,052	424
Operating expenses	(1,450)	(676)
Other	(10)	
	6,726	4,539
Investment activities		
Investment in securities	(6,680)	(4,679)
Increase (decrease) in due from Canada Mortgage and Housing Corporation	46	(140)

See accompanying notes.

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Investment in securities (Note 2)	1,416	1,329
Mortgages	3	4
Due from Canada Mortgage and Housing Corporation	30	10
	1,449	1,343

LIABILITIES AND SURPLUS	1991	1990
Due to the Receiver General for Canada	43	
Surplus	1,406	1,343
	1,449	1,343

See accompanying notes.

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Income from investments	135	150
Other	1	8
	136	158
Expenses		
Claims and operating expenses	30	2
Income before taxes	106	156
Taxes (Note 4)	43	
Net income	63	156
Surplus, beginning of year	1,343	1,187
Surplus, end of year	1,406	1,343

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990	LIABILITIES AND SURPLUS	1991	1990
Investment in securities (Note 2)	7,077	5,474	Accrued liabilities	3	
Real estate	11,000	11,000	Due to the Receiver General for Canada	632	
Due from Canada Mortgage and Housing Corporation	212	249	Surplus	17,654	16,723
	18,289	16,723		18,289	16,723

See accompanying notes.

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Income from investments	603	534
Other	1,130	1,111
	1,733	1,645
Expenses		
Operating expenses	125	58
Provision for revaluation of real estate	45	504
	170	562
Income before taxes	1,563	1,083
Taxes (Note 4)	632	
Net income	931	1,083
Surplus, beginning of year	16,723	15,640
Surplus, end of year	17,654	16,723

See accompanying notes.

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Summary of accounting policies

(a) Basis of presentation

Financial statements for each of the Funds Administered are presented separately from the Corporate Account and the Minister's Account.

The statements for the Administered Funds are prepared in accordance with generally accepted accounting principles.

(b) Investment in securities

Investments are carried at amortized cost plus accrued interest.

(c) Mortgages

Mortgages are valued at cost less a provision for estimated losses.

(d) Real estate

Real estate acquired upon the payment of a claim resulting from a loan default is valued at net realizable value. Net realizable value is calculated as the current appraised value of the property, as determined by the Corporation, less the discounted value of estimated holding and disposal costs. Amortization is not recorded on the real estate.

(e) Provision for claims

This provision represents the estimated loss on claims in process of payment and the estimated loss on loans, where defaults have occurred, but for which claims have not yet been received by the Corporation.

(f) Premiums

Premiums are deferred and are taken into income over the life of the related policies based on the risk of default in each year.

(g) Premium deficiency

Annually, the Corporation compares the amount of its unearned premiums by line of business to the discounted costs of claims that have not yet occurred on insurance policies in force. Whenever it is determined that the unearned premiums on a line of business are inadequate to meet the expected net costs of future claims, a premium deficiency is charged to income. Subsequently, it is taken into income on the same basis as unearned premiums.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

(h) Guarantee fees

Guarantee fees are deferred and are taken into income over the term of the relative Mortgage-backed Security issue on a straight-line basis. Issues currently exist for terms of between one and twenty years.

(i) Application fees

Application fees are recognized as income when received.

(j) Investment income

Investment income is recorded on the accrual basis.

(k) Issuance costs

Issuance costs are expensed as incurred.

2. Investment in securities

	1991						1990	
	Within 1 year	One to 3 years	Three to 5 years	Over 5 years	Total book value	Estimated market value	Total book value	Estimated market value
	(in millions of dollars)							
Mortgage Insurance Fund								
Canada Treasury bills	84.0				84.0	84.0	89.1	89.3
Promissory notes	6.3				6.3	6.4	26.9	26.8
Government of Canada Bonds	147.8	339.7	342.0	154.1	983.6	1,035.1	714.5	714.4
Mortgage-backed Securities		101.8			101.8	108.0	105.1	103.2
Total	238.1	441.5	342.0	154.1	1,175.7	1,233.5	935.6	933.7
Other Funds								
Canada Treasury bills	6.6				6.6	6.6	6.6	7.4
Government of Canada Bonds	3.6	5.3	6.1	5.3	20.3	21.3	11.6	10.8
Total	10.2	5.3	6.1	5.3	26.9	27.9	18.2	18.2

CANADA MORTGAGE AND HOUSING CORPORATION—*Concluded*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

3. Appropriated surplus—Mortgage Insurance Fund

Management, on the advice of the actuary, has established a reserve for possible additional claims on the Mortgage Insurance Fund, which may occur as the result of the present economic downturn. In addition, there are potential losses associated with environmental matters on projects that have been underwritten by the Fund. Although Management has ben unable to determine the likelihood of occurence, a reserve has been established based on Management's assessment of the minimum impact of these losses. A further reserve has been established for the anticipated premium deficiency on a new product introduced in 1992, under which the Fund will insure mortgage loans for 95% of the property value for first time home buyers. As a result, appropriated surplus has been increased by $26 million to $92 million at December 31, 1991 (1990—$66 million).

4. Taxes

Proposed amendments to the National Housing Act, effective January 1, 1991, will subject the Funds Administered to income tax and Large Corporations Tax (LCT). The proposed amendments, which are still subject to Parliamentary approval, have been reflected in the financial statements.

Taxes include income tax and LCT.

In concert with the change in the tax status of the Funds Administered and Parliamentary approval, proposed amendments to the Income Tax Act, effective January 1, 1991, will exclude the Corporation's borrowings from the Government of Canada from its tax base for the LCT. Should these amendments not pass, no taxes would be exigible against the Funds. In the Corporate Account, the LCT expense for the year would increase by $17.1 million, while the amount due to the Receiver General would decrease by $17.1 million in the Statement of Operations and Reserve Fund.

5. Operating expenses

The operating expenses allocated to the Funds by the Corporation for the year ended December 31, 1991 were $85.7 million (1990—$79.0 million).

6. Contingent liabilities

Legal claims of $19.4 million (1990—$21.6 million) are pending against the Mortgage Insurance Fund. Due to the uncertainty of the outcome of these events, no provision for loss has been made. Should costs arise as a result of these actions, they would be expensed when determined.

7. Actuarial valuation—Mortgage Insurance Fund

An actuarial study of the Fund as at September 30, 1991 disclosed that the Fund is now sufficient to pay all future claims in respect of business in force. The pre-tax surplus as at September 30, 1991 was estimated to be $176.7 million (September 30, 1990—$143.3 million).

8. Insurance in force—Mortgage Insurance Fund

At December 31, 1991, the insurance policies in force totalled approximately $58.3 billion (1990—$52.8 billion).

9. Guarantees in force—Mortgage-backed Securities Guarantee Fund

At December 31, 1991, the guarantees in force totalled approximately $7.7 billion (1990—$4.9 billion).

10. Home Improvement Loan Insurance and Rental Guarantee Funds

The Home Improvement Loan Insurance and Rental Guarantee Programs are no longer active.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Canada Museums Construction Corporation Inc. are the responsibility of management and have been approved by members of the Board of Directors of the Corporation. The financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on management's estimates and judgement. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that assets are safeguarded and controlled and that transactions are in accordance with Part X of the Financial Administration Act and regulations, and the articles and by-laws of the Corporation.

The members of the Board of Directors carry out their responsibilities for the financial statements principally through an Audit Committee which is composed of three directors, all of whom are not employees of the Corporation. The Audit Committee meets at least annually to review and advise the Board of Directors with respect to the financial statements and the auditor's report thereon. The Audit Committee also oversees the internal audit activities of the Corporation and performs such other functions as are assigned to it.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

L.J. O'Toole
Chairman and Chief Executive Officer

R. Plourde
Treasurer and Comptroller

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Museums Construction Corporation Inc. as at March 31, 1992 and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 3, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash	1,147	3,546
Accounts receivable		
Due from Canada—Parliamentary appropriation (Note 4)	1,500	1,386
Government entities (Note 8)	414	1,381
Others	8	25
Construction in progress (Schedule)		
	3,069	6,338

LIABILITIES	1992	1991
Accounts payable and accrued liabilities	2,023	4,651
Contractors' holdbacks payable	759	1,963
	2,782	6,614
EQUITY OF CANADA (DEFICIENCY)		
Capital stock (Note 3)		
Equity (deficiency) (Note 4)	287	(276)
	3,069	6,338

Contingencies and claims (Note 7).

Approved by the Board:

L. J. O'TOOLE
Chairman and Chief Executive Officer

A.D. WILSON
Director

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Construction during the year (Schedule)	(2,437)	(6,916)
Changes in non-cash assets and liabilities		
Accounts receivable—Government entities and others	870	7,371
Accounts payable and accrued liabilities	(2,628)	(4,635)
Contractors' holdbacks payable	(1,204)	(4,474)
Cash used in operating activities	(5,399)	(8,654)
Financing activities		
Parliamentary appropriation	3,000	11,314
Increase (decrease) in cash	(2,399)	2,660
Cash at beginning of year	3,546	886
Cash at end of year	1,147	3,546

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and activities

The Corporation was incorporated on June 21, 1982 under the Canada Business Corporations Act as an agent of Her Majesty pursuant to the Government Companies Operations Act, and was named as a parent Crown corporation in Part I of Schedule III to the Financial Administration Act. Until November 26, 1991, two-thirds of the capital stock was held by the Canada Lands Company Limited, also a parent Crown corporation, and one-third by the Minister of Public Works, the responsible Minister with whom the control of the Corporation lies.

On November 26, 1991, Royal assent was given to Bill C-8 making Canada Museums Construction Corporation Inc. a wholly-owned subsidiary of Canada Lands Company Limited. Accordingly, the share now held by the Minister of Public Works is being transferred to Canada Lands Company Limited and the Corporation is being deleted from Part I of Schedule III to the Financial Administration Act.

The business of the Corporation is limited to construction, in the National Capital Region, of buildings for the National Gallery of Canada (NGC), the Canadian Museum of Civilization (CMC) and any other national museum which the Governor in Council may direct, including the acquisition, control, administration and disposal of land required for the construction.

(a) Status of the Corporation

The phasing out of the activities of the Corporation started on April 1, 1990, and continued until December 31, 1991 when all employment in the Corporation was terminated. The lease for the Corporation's office accommodation was not renewed when it expired on March 31, 1992. In order to complete the remaining operations, the Corporation is currently maintaining a workforce of two employees under contract. These two employees are using Public Works Canada office accommodations at no cost to the Corporation.

Residual activities of the Corporation will be tranferred to the Department of Public Works on June 30, 1992.

(b) Funding

In September 1981, the Government allocated $185 million for the two projects. Subsequently, additional increases were approved by Treasury Board to bring the total of funds allocated for construction of the museums to $338.21 million for the period to March 31, 1992, as follows:

	NGC	CMC	Total
	(in millions of dollars)		
Construction	121.85	161.16	283.01
Architects and consultants	14.30	26.20	40.50
	136.15	187.36	323.51
Administration expenses	6.95	7.75	14.70
	143.10	195.11	338.21

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(c) Transfer of National Gallery of Canada building

During 1988-89, custody and control of the National Gallery of Canada building were transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1992, in the amount of $140.95 million. In accordance with the terms of a memorandum of understanding between the Corporation and the Department of Public Works, the Corporation will continue to be responsible for resolving outstanding construction and consultant claims until June 30, 1992 when all outstanding matters will be transferred to the Department of Public Works.

(d) Transfer of Canadian Museum of Civilization building

During 1990-91, custody and control of the Canadian Museum of Civilization building were transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1992 in the amount of $196.92 million. In accordance with the terms of a memorandum of understanding between the Corporation and the Department of Public Works, the Corporation will continue to be responsible to complete certain work items and deficiencies and to resolve outstanding construction and consultant claims until June 30, 1992, when all outstanding matters will be transferred to the Department of Public Works.

(e) Fit-up and exhibit development

Upon giving preliminary project approval in 1987-88 for the fit-up and exhibit development of the Canadian Museum of Civilization at an estimated cost of $73 million, subsequently increased in 1989-90 to $89 million, Treasury Board assigned responsibility for the fit-up and exhibit development to the former National Museums of Canada (NMC).

An agreement was reached between NMC and CMCC for the Corporation to provide certain services, on a cost recovery basis, related to design, supply and installation of elements of the exhibition development and fit-up work.

The Corporation has completed during 1990-91 the construction work under the fit-up program and all recoverable costs have been invoiced and paid in full by the Canadian Museum of Civilization.

(f) Post-construction program

On November 1, 1990 Treasury Board approved $2.7 million for the post-construction program for the Canadian Museum of Civilization, including the work to upgrade the Omnimax theatre hoisting system. This work is managed by the Department of Public Works (DPW). However, because of contractual requirements, certain elements of the work are contracted through CMCC on a cost recovery basis from DPW.

(g) Additional funding for settlement of claims

On November 7, 1991, Treasury Board considered and approved a submission from the Corporation requesting additional funding of $3.0 million in the 1991-92 Final Supplementary Estimates in order to alleviate an anticipated cash shortfall as a result of the settlement of the contractors' claims at the Canadian Museum of Civilization.

2. Significant accounting policies

(a) Basis of accounting

These financial statements account for the costs incurred by the Corporation in the construction of the museums. They do not account for costs incurred by National Capital Commission for sites or by the former National Museums of Canada for accommodation planning and fit-ups.

(b) Capitalization

All expenditures, including those for site evaluation, design, construction and administration, will be capitalized until the museums are completed. Interest, management fees and other income are credited to construction in progress. Costs are allocated directly to each museum when they can be specifically identified. The Administration costs are allocated to each project on the basis described in Note 9.

3. Capital stock

The Corporation is authorized to issue three shares with a nominal value of $1 which shall not be transferred without the approval of the Governor in Council.

4. Equity (deficiency)

During the year, funding of $3.0 million (1991—$7.886 million) was provided by parliamentary appropriation through Vote 17c of the Department of Public Works for capital expenditures of the Corporation, of which $1.5 million was received in 1991-92 and $1.5 million in 1992-93. The Corporation has now drawn the full amount of its approved parliamentary appropriation.

	1992	1991
	(in thousands of dollars)	
Opening balance	(276)	187,178
Parliamentary appropriation	3,000	7,886
Transfer of net cost of construction	(2,437)	(195,340)
Ending balance	287	(276)

5. Pension plan

The Corporation has instituted, with a private sector organization, a contributory pension plan covering all its regular employees. The employees and the Corporation contribute to the plan. The employees contribute 7.5% of gross earnings up to the maximum allowable by Revenue Canada. The employer's share of contribution is 7.5% of the employees' gross earnings. The Corporation's contributions represent its total liability and are recognized in the accounts on a current basis. Pension costs for the plan amounted to $46,574 for the year ended March 31, 1992 (1991—$42,102).

6. Contractual obligations

As at March 31, 1992, commitments for construction and related costs for the Canadian Museum of Civilization amounted to approximately $408,000.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

7. Contingencies and claims

(a) Claims have been made against the Corporation totalling approximately $7.9 million for additional construction costs. The final outcome of these claims is not determinable and, accordingly, these items are not reflected in the accounts, except for a provision for anticipated settlement of these claims.

(b) The Corporation has given notice to certain consultants of actual pending claims under professional liability insurance policies. These claims are under review. Actions on certain claims have been taken by the insurers. No provision for amounts to be recovered has been made in the financial statements.

Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the settlements occur.

8. Related party transactions

(a) Under cost recovery arrangements with the Department of Public Works, the Corporation receives or provides various services. The following summarizes the transactions:

	Accounts receivable March 31, 1991	Amounts billed during 1992	Amounts received during 1992	Accounts receivable March 31, 1992
	(in thousands of dollars)			
Department of Public Works				
Public utilities for CMC and other services	12	3	(15)	
Imax/Omnimax hoisting system	990	25	(1,000)	15
Post-construction work	379	679	(659)	399
	1,381	707	(1,674)	414

(b) The Corporation receives audit, legal and certain administrative services without charge from the Office of the Auditor General of Canada, the Department of Justice of Canada and the Department of Public Works respectively.

(c) In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

9. Administration expenditures

The Corporation incurred the following administration expenditures which have been proportionately allocated to each Museum project relative to total annual construction costs.

	1992	1991
	(in thousands of dollars)	
Salaries and employee benefits	371	594
Professional and special services	147	62
Office accommodation	90	258
Communications	27	40
Rental of equipment	27	18
Other	12	12
Travel and transportation	5	12
Utilities, material and supplies	2	11
Public information	1	60
Technical and engineering support		(298)
Office furniture and equipment, net of proceeds from disposal	(18)	(10)
	664	759
Less management fees charged to NMC		253
	664	1,012

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

SCHEDULE OF CONSTRUCTION IN PROGRESS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	National Gallery of Canada			Canadian Museum of Civilization			Total		
	Balance to March 31, 1991	1992	Balance to March 31, 1992	Balance to March 31, 1991	1992	Balance to March 31, 1992	Balance to March 31, 1991	1992	Balance to March 31, 1992
Construction costs	114,082	217	114,299	145,314	1,757	147,071	259,396	1,974	261,370
Landscaping	4,552		4,552	7,214	10	7,224	11,766	10	11,776
Fit-up	7,046		7,046	29,609		29,609	36,655		36,655
Architects and consultants	16,099	90	16,189	32,578	303	32,881	48,677	393	49,070
Construction managers	6,252		6,252	12,866	233	13,099	19,118	233	19,351
	148,031	307	148,338	227,581	2,303	229,884	375,612	2,610	378,222
Administration (Note 9)	7,201	80	7,281	11,257	584	11,841	18,458	664	19,122
	155,232	387	155,619	238,838	2,887	241,725	394,070	3,274	397,344
Less									
Funding by NMC	8,776		8,776	35,677		35,677	44,453		44,453
Funding by NCC	4,000		4,000	3,700		3,700	7,700		7,700
Funding by DPW	477	53	530	1,640	631	2,271	2,117	684	2,801
Interest income	1,346	18	1,364	3,022	135	3,157	4,368	153	4,521
	14,599	71	14,670	44,039	766	44,805	58,638	837	59,475
Net cost	140,633	316	140,949	194,799	2,121	196,920	335,432	2,437	337,869
Transfer of NGC and CMC to DPW (Notes 1(c), 1(d) and 4)	(140,633)	(316)	(140,949)	(194,799)	(2,121)	(196,920)	(335,432)	(2,437)	(337,869)

CANADA PORTS CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Canada Ports Corporation as at December 31, 1991 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Coopers & Lybrand
Chartered Accountants

Ottawa, Canada
February 14, 1992

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash	4,547	861
Short-term investments (Note 4)	19,298	28,409
Accounts receivable	4,202	1,960
Due from Canada	187	1,036
Materials and supplies	227	293
	28,461	32,559
Investments (Note 4)	18,550	18,497
Long-term receivable	149	224
Investment in Ridley Terminals Inc.		1
Fixed assets (Note 5)	92,613	40,812
	139,773	92,093
Interport Loan Fund—Assets (Note 11)	45,419	32,064
	185,192	124,157

LIABILITIES	1991	1990
Current		
Accounts payable and accrued liabilities (Note 6)	30,860	10,025
Due to Interport Loan Fund (Note 7)	15,561	
Due to Canada (Note 10)		10,220
	46,421	20,245
Accrued employee benefits	1,512	1,340
Deferred revenues	70	279
Due to Interport Loan Fund (Note 7)	25,162	3,745
Loans from Canada (Note 8)	1,126	1,226
Bank loans (Note 9)	197,788	
Total liabilities	272,079	26,835
EQUITY (DEFICIENCY) OF CANADA		
Contributed capital (Note 10)	111,672	53,198
Retained earnings (deficit)	(243,978)	12,060
	(132,306)	65,258
	139,773	92,093
Interport Loan Fund—Contra (Note 11)	45,419	32,064
	185,192	124,157

On behalf of the Board:

WILLIAM MARSH
Acting Chairman of the Board

JEAN MICHEL TESSIER
President and Chief Executive Officer

CANADA PORTS CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenue from operations	26,723	10,592
Operating and administrative expenses—Net	16,355	9,820
Depreciation	3,313	2,958
Municipal grants and taxes	1,547	861
	21,215	13,639
Income (loss) from operations	5,508	(3,047)
Investment income	4,041	5,616
Interest expense	(9,487)	(212)
Income before the undernoted	62	2,357
Loss on acquisition of Ridley Terminals Inc. (Note 3)	(255,926)	
Net income (loss) for the year	(255,864)	2,357
Retained earnings at beginning of the year	12,060	9,930
Dividend to Canada	(174)	(227)
Retained earnings (deficit) at end of the year	(243,978)	12,060

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income (loss) for the year	(255,864)	2,357
Items not affecting cash		
Depreciation	3,313	2,958
Loss on acquisition of RTI	255,926	
Deferred interest	689	106
Other	165	177
Long-term deferred revenues	(209)	279
Unamortized interest charges	(487)	
Net change in operating components of working capital	2,763	(1,112)
Cash provided by operating activities	6,296	4,765
Financing activities		
Capital grants	32,444	9,747
Change in due from Canada	849	(610)
Transfers from Interport Loan Fund	35,978	3,639
Repayment of loans from Canada	(93)	(87)
Repayment of bank loans	(15,250)	
Contribution to Canada		(20,440)
Amount due to Canada	(10,220)	10,220
Contribution from Canada	58,474	
Dividend paid to Canada	(174)	(227)
Cash provided by financing activities	102,008	2,242
Investing activities		
Additions to fixed assets	(63,128)	(17,496)
Change in construction payables	2,865	6,648
Investment in RTI—Net of cash acquired of $4,993	(53,481)	
Other	15	
Cash required by investing activities	(113,729)	(10,848)
Decrease in cash and short-term investments	(5,425)	(3,841)
Cash and short-term investments at beginning of the year	29,270	33,111
Cash and short-term investments at end of the year	23,845	29,270

CANADA PORTS CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Canada Ports Corporation Act

Canada Ports Corporation (the Corporation) was established under the Canada Ports Corporation Act. The Act provides for the establishment of local port corporations to manage and operate selected ports. The Corporation is named in Part II of Schedule III of the Financial Administration Act and is exempt from income tax.

2. Significant accounting policies

(a) Consolidated financial statements

The consolidated financial statements of the Corporation include the accounts of the ports and other facilities under its administration, as well as those of the Interport Loan Fund. The activities of the local port corporations are excluded from the financial statements from the date of their establishment.

(b) Investments

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

(c) Fixed assets

Fixed assets are recorded at cost with the exception of those transferred to the Corporation from Canada and the coal terminal facility. The assets transferred from Canada are recorded at appraised or fair market value established at the time of transfer. The coal terminal facility is recorded at acquisition value. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation of fixed assets is calculated on the straight-line basis commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(d) Pension costs

Permanent employees of the Corporation are covered by the Public Service Superannuation Plan, which is a contributory defined-benefit pension plan administered by Canada. However, employees of Ridley Terminals Inc. (RTI), a wholly-owned subsidiary, are covered by a non-contributory defined-benefit plan.

(e) Municipal grants and taxes

The expense for municipal grants and taxes is based on estimated municipal assessments, adjusted in accordance with the Municipal Grants Act where applicable. Municipal grants are finalized after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization of the grants are reflected in the accounts in the year of settlement.

(f) Employee benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees under its collective agreements, or in accordance with its policy.

(g) Revenue recognition

RTI's coal throughput revenue is recorded at 50 percent of the contracted throughput rate at the time the coal is received at the terminal. The balance is recognized at the time of ship loading. RTI's coal shippers have guaranteed delivery of an annual minimum tonnage to the terminal. Revenues resulting from any shortfall in tonnage are recognized when collected.

3. Acquisition of Ridley Terminals Inc.

Ridley Terminals Inc. operates a coal terminal facility on Ridley Island in Prince Rupert, British Columbia and was previously owned 50 percent by the Corporation.

The Corporation purchased the remaining 50 percent ownership in RTI on July 30, 1991 and RTI became a wholly-owned subsidiary of the Corporation. The share purchase was fully financed by Canada.

The acquisition was accounted for by the purchase method, and the results of the RTI's operations from the date of acquisition are included in the consolidated statement of loss and deficit.

Net assets acquired are as follows:

	(in thousands of dollars)
Total assets	31,639
Total liabilities	229,090
	(197,451)
Purchase price	58,475
Excess of purchase price over net liabilities assumed —Loss on acquisition of Ridley Terminals Inc.	255,926

4. Investments

Current investments consist of $15,420,000 (1990—$28,409,000) of Canada treasury bills and $3,878,000 of other money market securities. As at December 31, 1991 and 1990, the market value of the current investments approximates their amortized cost.

Long-term investments of $18,550,000 (1990—$18,497,000) are Canada bonds and as at December 31, 1991, their market value is $22,541,000 (1990—$20,129,000).

CANADA PORTS CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

5. Fixed assets

(a) Summary

	1991				1990
	Depreciation rates	Cost or appraised value	Accumulated depreciation	Net	Net
	%	(in thousands of dollars)			
Land		4,931		4,931	4,482
Dredging	2.5-6.7	9,489	6,664	2,825	3,150
Berthing structures ..	2.5-10	34,474	19,099	15,375	16,096
Buildings	2.5-10	16,416	12,651	3,765	3,986
Coal terminal facility	4	24,414	414	24,000	
Utilities	3.3-10	2,894	1,691	1,203	1,260
Roads and surfaces	2.5-10	3,840	2,197	1,643	1,817
Machinery and equipment ..	5-100	20,088	17,343	2,745	3,518
Office furniture and equipment ..	20	3,469	2,559	910	852
Works under construction ...		35,216		35,216	5,651
		155,231	62,618	92,613	40,812

(b) Capital grants

During the year, the Corporation received capital grants towards the construction of fixed assets totalling $32,444,000 (1990—$9,747,000).

(c) Commitments

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $12,156,000 of which most will be expended in the year ending December 31, 1992.

The Corporation leases the land on which the coal terminal facility is constructed from the Prince Rupert Port Corporation. The lease is for twenty-five years starting March 31, 1984, with a twenty-year renewal term beginning March 31, 2009. Lease payments are based on throughput charges per tonne which are subject to escalation provisions relating to increases in the Canadian Consumer Price Index for each year.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are deferred revenues of $1,113,000 (1990—$965,000) and current portion of long-term loans of $11,075,000 (1990—$93,000).

7. Due to Interport Loan Fund

The Interport Loan Fund has provided long-term financing for two capital projects of ports under the administration of the Corporation. It has also provided short-term financing to the Corporation for the interim financing of RTI's operations.

	1991	1990
	(in thousands of dollars)	
(a) Transfers to the Port of Belledune bearing interest at 9.14% to 11.47% and accred interest of $795,000, repayable in twenty blended annual instalments of principal and interest of $1,657,000 commencing December 31, 1993 and maturing December 31, 2012	12,512	3,745
(b) Transfers to the Port of Sept-Îles bearing interest at 9.02% to 9.20%, repayable in twenty blended annual instalments of principal and interest of $1,423,000 and maturing December 31, 2011	12,900	
(c) Transfers to RTI bearing interest at 7.65% and 9.17% and accrued interest of $311,000, repayable with interest in 1992	15,311	
	40,723	3,745
Less current portion	(15,561)	
	25,162	3,745

Principal repayment requirements over the next five years amount to $15,249,000 in 1992, $505,000 in 1993 and $554,000 in 1994, $607,000 in 1995 and $666,000 in 1996.

8. Loans from Canada

	1991	1990
	(in thousands of dollars)	
Loans bearing interest at 6.44% and 9.09%, repayable in blended annual instalments of principal and interest of $193,000 and maturing December 31, 2000	1,226	1,319
Less current portion	(100)	(93)
	1,126	1,226

Principal repayment requirements over the next five years amount to $100,000 in 1992, $108,000 in 1993, $116,000 in 1994, $124,000 in 1995 and $134,000 in 1996.

CANADA PORTS CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Continued*

9. Bank loans

The Corporation has two long-term financing agreements with a major Canadian bank as follows:

	1991	1990
	(in thousands of dollars)	
(a) Term loan repayable in specified semi-annual instalments commencing July 31, 1991 through January 31, 2000. Interest is at the bank's prime rate, payable monthly	194,013	
(b) Term loan repayable in specified semi-annual instalments commencing July July 31, 1991 through January 31, 1994. Interest is at the bank's prime rate rate plus 3/8% per annum, payable monthly	14,750	
	208,763	
Less current portion	(10,975)	
	197,788	

Under the loan agreements, the Corporation may utilize bankers' acceptances as all or part of the borrowing.

Loan agreement (a) is guaranteed unconditionally by Canada to a maximum of $230 million, and a $250 million subordinate fixed and floating charge collateral demand debenture is pledged as security. Loan agreement (b) has a $350 million first fixed and floating charge collateral demand debenture, with the coal terminal facility and the lease from Prince Rupert Port Corporation pledged as security therefore.

Principal repayment requirements over the next five years amount to $10,975,000 in 1992, $24,338,000 in 1993, $24,325,000 in 1994, $19,950,000 in 1995 and $24,938,000 in 1996.

10. Contributed capital

In 1991, Canada contributed $58,474,000 to the Corporation for the purchase of the remaining shares of RTI.

In 1990, Canada requested a contribution of $100 million towards the federal deficit reduction from Canada Ports Corporation and the local port corporations. Cash payments were requested of ports identified with cash reserves exceeding their short-term capital investment needs.

The Corporation's share of the contribution was $20.44 million which was applied against Contributed Capital.

	1991	1990
	(in thousands of dollars)	
Balance at beginning of the year	53,198	73,638
Contribution to Canada		(20,440)
Contribution from Canada	58,474	
Balance at end of the year	111,672	53,198

11. Interport Loan Fund

The purpose of the Interport Loan Fund is to provide financing for financially viable capital projects of the Corporation and the local port corporations. However, as directed by Canada, the Fund also transferred $15 million in 1991 to the Corporation to provide interim financing to RTI.

The balance sheet of the Fund as at December 31 shows:

	1991	1990
	(in thousands of dollars)	
Assets		
Current		
Cash and investments	4,696	28,319
Transfers receivable	15,561	
	20,257	28,319
Transfers receivable	25,162	3,745
	45,419	32,064
Liabilities		
Current		
Accounts payable	25	
Fund balance		
Contributions from Canada	36,650	26,650
Retained earnings	8,744	5,414
	45,394	32,064
	45,419	32,064

The investments of the Fund, shown at amortized cost, are direct and guaranteed securities of Canada. As at December 31, 1991 and 1990, the market value of the investments approximates their amortized cost.

The Fund is committed to providing financing of $45.7 million for financially viable capital projects of divisional ports and a local port corporation over the next two years. In 1991, Canada invested $10 million in the Fund and has made a further commitment to invest up to $40 million.

The statement of income and retained earnings of the Fund is as follows:

	1991	1990
	(in thousands of dollars)	
Interest income	3,430	3,571
Administrative expenses	100	75
Net income for the year	3,330	3,496
Retained earnings at beginning of the year	5,414	1,918
Retained earnings at end of the year	8,744	5,414

CANADA PORTS CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

12. Pension plans

The annual contributions to the Public Service Superannuation Plan represent the liability of the Corporation for the contributory plan and are recognized in the accounts on a current basis.

As at December 31, 1991, the updated actuarial reports of the non-contributory plan indicate that the actuarial present value of the accrued pension benefits amounts to $2,737,000 and the value of the pension fund assets, at market value, amounts to $3,342,000. The pension expense for 1991 of $132,000 is actuarially determined.

13. Related party transactions

Through common ownership, the Corporation is related to all Government of Canada created departments, agencies and Crown corporations.

In accordance with the Canada Ports Corporation Act, operating and administrative costs incurred by the Corporation in the amount of $7,523,000 have been recovered from the local port corporations in 1991 (1990—$7,177,000). These recoveries are offset against the related expenses. Operating expenses include rental costs of $1,944,000 charged by a local port corporation. At December 31, 1991 $4,346,000 of rental costs are included in accounts payable and accrued liabilities.

Investment income of $3,845,000 (1990—$5,616,000) was earned on Government of Canada securities and interest charges of $100,000 (1990—$106,000) were paid to Canada. Details of other transactions with the Government of Canada are disclosed in Notes 3, 5(b), 8, 10 and 11.

14. Ongoing operations and economic dependence

The principal customer of RTI, Quintette Coal Limited (Quintette), sought protection from its creditors through the courts in 1990. Quintette has proposed a plan of reorganization which, among other things, would significantly reduce the revenue earned by the Corporation from Quintette. As a consequence, the ongoing operating viability of RTI is threatened.

A reorganization plan for RTI is being pursued with RTI's bankers, Canada and others. Among the issues RTI's eventual reorganization plan must cover are the role RTI will play in the ongoing operation of the terminal facility, and the disposition of RTI's long-term debt. In order for RTI to meet its principal and interest payments as they come due, either some or all of the debts must be removed, or RTI must be funded from some source other than operations.

15. Contingencies

Claims aggregating approximately $2,239,000 in respect of lawsuits, guarantees, employee agreements, damages allegedly suffered on the Corporation's property and sundry other matters in dispute have been received by the Corporation but are not reflected in the accounts. In the opinion of the Corporation, the final outcome of such claims should not result in any material financial liability.

The Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from such claims are recorded in the accounts in the year they can be reasonably estimated.

CANADA POST CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management and the Board of Directors are responsible for the consolidated financial statements and all other information presented in this annual report in accordance with the Financial Administration Act and regulations. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on estimates and management judgement.

To safeguard Company assets, it is important to have a sound but dynamic set of internal financial controls and procedures that balance benefits and costs. To that end, management has developed and maintains books of account, records, financial and management control, and information systems and management practices to provide reasonable assurance as to the reliability of financial information in accordance with the Financial Administration Act and regulations, as well as the Canada Post Corporation Act and by-laws of the Corporation. Internal audits are conducted to assess these systems and practices, including reports to the Management Executive Committee.

Canada Post Corporation is dedicated to the highest standards of integrity. Integrity is a continuing commitment that is reflected in key written policy statements. The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through the Audit Committee, which is composed of six directors who are not employees of the Corporation. The Audit Committee meets quarterly to oversee the internal audit activities of the Corporation, and at least annually to review and advise the Board of Directors with respect to the consolidated financial statements and the external auditors' report.

Each year, the Governor in Council appoints the Corporation's external auditors. The Auditor General of Canada and Ernst & Young were appointed for the current fiscal year. They audit the consolidated financial statements and report to the Audit Committee as well as the Minister responsible for Canada Post Corporation. Auditors appointed for the previous year were the Auditor General of Canada and Arthur Andersen & Co.

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE
FOR CANADA POST CORPORATION

We have audited the consolidated balance sheet of Canada Post Corporation as at March 31, 1992 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Post Corporation Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ernst & Young
Chartered Accountants

Ottawa, Canada
May 21, 1992

CANADA POST CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET MARCH 31
(in thousands of dollars)

ASSETS	1992	1991
Current assets		
Cash and short-term investments	103,697	333,266
Accounts receivable	131,010	141,994
Prepaid expenses	64,454	71,184
	299,161	546,444
Segregated cash and investments (Note 4)	135,241	121,749
Long-term investments (Note 5)	100,716	
Capital assets (Note 6)	1,876,832	1,947,289
Deferred development costs	49,965	46,478
	2,461,915	2,661,960

LIABILITIES AND EQUITY OF CANADA	1992	1991
Current liabilities		
Accounts payable and accrued liabilities	284,829	313,891
Salaries and benefits	188,257	200,316
Deferred revenues	166,120	176,602
Outstanding money orders	43,407	48,826
	682,613	739,635
Long-term debt (Note 7)	135,000	135,000
Employee termination benefits	332,650	342,407
EQUITY OF CANADA		
Contributed capital (Note 8)	1,355,172	1,355,172
Retained earnings (accumulated deficit)	(43,520)	89,746
	1,311,652	1,444,918
	2,461,915	2,661,960

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

ROGER L. BEAULIEU
Chairman of the Board

A. E. DOWNS
Chairman of the Audit Committee

CANADA POST CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED MARCH 31 (in thousands of dollars)

	1992	1991
Revenue from postal operations	3,804,527	3,739,206
Cost of postal operations	3,905,343	3,664,433
Income (loss) from postal operations	(100,816)	74,773
Other income		
Gain on disposal of capital assets	32,227	5,073
Interest	36,005	40,928
	68,232	46,001
Other expense		
Restructuring costs (Note 3)	81,293	97,463
Interest	13,652	8,969
	94,945	106,432
Net income (loss)	(127,529)	14,342
Retained earnings (accumulated deficit)		
Beginning of year	89,746	134,924
Dividend	(5,737)	(59,520)
End of year	(43,520)	89,746

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED MARCH 31 (in thousands of dollars)

	1992	1991
Cash provided by (used for)		
Operating activities		
Net income (loss)	(127,529)	14,342
Items not requiring (providing) cash		
Amortization of capital assets	160,170	141,352
Gain on disposal of capital assets	(32,227)	(5,073)
Accrued employee termination benefits	15,155	42,904
Amortization of deferred development costs	11,936	7,206
	27,505	200,731
Change in non-cash working capital	(39,308)	97,109
Employee termination benefit payments	(24,912)	(33,989)
	(36,715)	263,851
Dividend	(5,737)	(59,520)
Financing activities		
Long-term debt		55,000
Investment activities		
Acquisition of capital assets	(95,350)	(268,628)
Increase in long-term investments	(100,716)	
Proceeds on disposal of capital assets	37,864	13,395
Increase in segregated cash and investments	(13,492)	(39,967)
Deferred development costs	(15,423)	(9,661)
	(187,117)	(304,861)
Decrease in cash and short-term investments	(229,569)	(45,530)
Cash and short-term investments at beginning of year	333,266	378,796
Cash and short-term investments at end of year	103,697	333,266

The accompanying notes are an integral part of these financial statements.

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992

1. Incorporation

The Corporation was established by the Canada Post Corporation Act to operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada. The Corporation is a Crown corporation included in Part II of Schedule III to the Financial Administration Act and is an agent of Her Majesty. The Corporation is exempt from income taxes.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the significant accounting policies of the Corporation follows:

(a) Consolidation

The consolidated financial statements of the Corporation include the accounts of Canada Post Corporation and its wholly-owned subsidiaries, Canada Post Systems Management Limited and CINA Holdings B.V.

(b) Capital assets and amortization

Land, buildings and equipment transferred from the Government of Canada on incorporation were recorded at their fair value at that date, determined as follows:

Land	—Market value based on existing use
Buildings	—Amortized replacement cost
Plant equipment, vehicles, sales counter and office furniture and equipment, and other equipment	—Amortized replacement cost or original cost less estimated amortization

The market value of land and the amortized replacement cost of buildings transferred by the Government of Canada were determined by independent appraisals. Acquisitions subsequent to incorporation are recorded at cost.

The Corporation has an agreement with both the National Archives of Canada and the Canadian Museum of Civilization to operate, administer and maintain a Canadian Postal Archives and a National Postal Museum, respectively, containing philatelic material, postal artifacts, a postal library and exhibits that trace the history of the mail and other memorabilia. These collections, exhibits and books of undetermined value are not for resale and are recorded at a nominal amount.

Amortization is provided on the straight-line basis over the estimated useful lives of the following assets:

Buildings	30 and 40 years
Plant equipment	4 to 30 years
Vehicles (other than passenger and light duty commercial)	6 to 10 years
Sales counter and office furniture and equipment	5 to 20 years
Other equipment	5 to 15 years

Amortization is provided on the diminishing balance basis at an annual rate of 30 per cent for all passenger and light duty commercial vehicles.

(c) Deferred development costs

Costs incurred in the development of new mail products and the retail postal network are deferred. These costs are amortized on the straight-line basis over the expected period of economic benefit.

(d) Revenue recognition

Amounts received for which services have not been rendered prior to the end of the year are deferred.

(e) Employee termination benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided under collective agreements and conditions of employment.

The present value of the projected costs of unpaid employee termination benefits, as determined by actuarial valuation, is recorded in the accounts as a long-term liability.

Such benefits accruing to employees, as well as gains and losses arising from actuarial valuation, are included in current operations.

(f) Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions, which amounted to \$89,448,000 (1991—\$96,052,000), represent the total pension obligations of the Corporation and are included in current operations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

3. Restructuring costs

The Corporation is undertaking a multi-year program of significant initiatives to establish a more efficient and effective postal system. Individual initiatives are approved on an ongoing basis. Costs include the development and implementation of management and operating systems as well as the realignment of resources.

4. Segregated cash and investments

The Corporation has segregated certain cash and investments, recorded at cost, for the purpose only of managing cash flows relating to the employee termination benefits liability.

5. Long-term investments

	1992	1991
	(in thousands of dollars)	
Mortgage receivable	63,900	
Investment in G.D. Net B.V., at cost	32,388	
Other	4,428	
	100,716	

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

Mortgage receivable

A real estate sales agreement entitles the Corporation to recognize incremental income upon approval of specific zoning densities. During 1991-92, additional income has been recognized in accordance with the terms of this agreement. The mortgage receivable has been recorded at the net present value of future cash flows based on the expected date of receipt.

6. Capital assets

	1992			1991
	Cost or fair value	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Land	215,610		215,610	216,344
Buildings	1,193,806	394,997	798,809	842,817
Plant equipment	710,455	296,733	413,722	427,435
Vehicles	102,425	69,557	32,868	45,296
Sales counter and office furniture and equipment	338,600	117,941	220,659	231,716
Other equipment	260,683	65,520	195,163	183,680
Collection of postal memorabilia	1		1	1
	2,821,580	944,748	1,876,832	1,947,289

7. Long-term debt

(a) Long-term loan—Government of Canada

In 1988, the Corporation entered into a 10-year $80 million loan with the Government of Canada. Interest is payable semi-annually at the rate of 9.705 per cent per annum, and the principal becomes due and payable on April 27, 1998.

(b) Long-term bonds

On March 15, 1991, the Corporation issued for cash, $55 million of non-redeemable bonds maturing in March 2016. Interest is payable semi-annually at the rate of 10.35 per cent per annum.

Interest expense on long-term debt was $13,457,000 (1991—$8,029,000).

8. Contributed capital adjustment

Up to March 31, 1989, the Corporation was permitted by the Governor in Council, as the rate regulator, to recover certain costs from future postal users. On April 1, 1989, the rate regulator authorized the elimination of the accumulated unamortized balances of these costs, in the amount of $588,253,000, against contributed capital.

9. Contingent liabilities

(a) With respect to a complaint filed with the Canadian Human Rights Commission, alleging discrimination by the Corporation concerning work of equal value, the Commission has decided to establish a tribunal to consider the complaint and the outcome is not currently determinable. Settlement, if any, arising from resolution of this matter will be recovered in future postal rates (as determined in accordance with the Canada Post Corporation Act) and/or from the Government of Canada.

(b) Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which will become payable in future years cannot reasonably be determined. Payments of sick leave benefits are included in current operations.

10. Commitments

The Corporation's future minimum rental payments required under operating leases of facilities with terms in excess of one year are as follows:

	(in thousands of dollars)
1993	54,580
1994	46,968
1995	41,272
1996	33,738
1997	29,008
1998 and thereafter	259,708
	465,274

11. Related party transactions

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these consolidated financial statements.

(a) Payments on behalf of postal users

Where Government policy requires the Corporation to provide services at rates less than cost, to the publications industry, and for Government free mail, literature for the blind and Northern air stage services, the Government of Canada compensates the Corporation for foregone postage revenue from those sources. Revenues amounting to $183,267,000 (1991—$203,593,000) are included in revenue from postal operations.

(b) Property management

The Corporation has incurred net operating costs of $213,081,000 (1991—$206,080,000) in respect of a property management arrangement with the Department of Public Works to manage substantially all the Corporation's real property. In addition, capital expenditures amounted to $3,865,000 (1991—$11,982,000).

(c) Interest

The Corporation earned interest in the amount of $2,636,000 (1991—$1,740,000) on its balance in the Consolidated Revenue Fund of the Government of Canada.

(d) Other

The Corporation has other transactions with the Government of Canada, its agencies and other Crown corporations. These include the provision of postal services and the purchase of rail transportation.

As a result of all the above transactions, the amounts due from and to these parties are $20,617,000 (1991—$14,459,000) and $126,563,000 (1991—$147,100,000) respectively.

CANADA POST CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

12. Labour contracts

The labour contract between the Corporation and the Canadian Union of Postal Workers expired on July 31, 1989 and is under arbitration, the outcome of which is not currently determinable.

13. Subsequent event

On April 30, 1992, the Government of Canada tabled legislation to amend the Canada Post Corporation Act to provide for the establishment of a share capital structure.

Subject to the enactment of legislation, shares would be issued to the Government of Canada effective April 1, 1992 based on the net asset value of the Corporation on that date as deemed appropriate by the Board of Directors with approval of Treasury Board. The Corporation would be authorized to issue shares to its employees in accordance with a plan to be developed by the Board of Directors and established by by-law on the recommendation of the Minister, the Minister of Finance and Treasury Board and following approval of the Governor in Council. Shares to be issued to the employees would be non-voting and not exceed ten per cent of the issued and outstanding shares of the Corporation.

CANADIAN BROADCASTING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements and all other information presented in this annual report are the responsibility of management and have been approved by the Board of Directors of the Corporation. These financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles.

Management of the Corporation maintains books of account, records, financial and management control, and information systems, which are designed for the provision of reliable and accurate financial information on a timely basis. These controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that operations are carried out effectively and that transactions are in accordance with the Broadcasting Act and the by-laws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent examination of the annual financial statements and reports on his examination to the Canadian Broadcasting Corporation and the Minister of Communications.

The Board of Directors' Audit Committee, which consists of five members, none of whom is an officer of the Corporation, reviews and advises the Board on the financial statements and the Auditor General's report thereto. The Audit Committee oversees the activities of Internal Audit and meets with management, the Internal Auditor and the Auditor General on a regular basis.

Gérard Veilleux
President

S. Cotsman
Vice-President, Finance and Administration

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE
CANADIAN BROADCASTING CORPORATION
AND THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Broadcasting Corporation as at March 31, 1992 and the statements of income and expense and reconciliation to government funding basis, proprietor's equity account and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its cash flow for the year then ended in accordance with generally accepted accounting principles. As required by the Broadcasting Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part III of the Broadcasting Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 5, 1992

CANADIAN BROADCASTING CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991	LIABILITIES	1992	1991
Current			Current		
Cash and short-term investments	40,865	60,069	Accounts payable and accrued liabilities	169,559	177,313
Accounts receivable	102,145	91,402	Accrued vacation pay	55,999	51,816
Engineering and production supplies and merchandise (Note 3)		7,691		225,558	229,129
Programs completed and in process of production	74,694	78,400	Long-term		
			Employee termination benefits	113,391	103,348
			Accrued pension liability (Note 5)		1,881
Prepaid film and script rights and other expenses	50,707	41,856	Advances from Government of Canada (Note 6)	33,000	33,000
	268,411	279,418			
Capital assets (Note 4)	787,892	735,932	Obligations under capital leases (Note 7)	811	991
Deferred charges (Note 5)	16,508	4,475		147,202	139,220
			PROPRIETOR'S EQUITY		
			Proprietor's equity account	700,051	651,476
	1,072,811	1,019,825		1,072,811	1,019,825

The accompanying notes and schedule A are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

S. COTSMAN
Vice-President, Finance and Administration

GÉRARD VEILLEUX
Director

ROBERT KOZMINSKI
Director

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF INCOME AND EXPENSE
AND RECONCILIATION TO GOVERNMENT
FUNDING BASIS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Income		
Net advertising	320,098	303,887
Miscellaneous	56,634	58,806
Parliamentary operating appropriation (Note 8)	900,562	985,212
	1,277,294	1,347,905
Expense		
National Broadcasting Service (see schedule A)		
Programming		
—Radio	250,243	235,176
—Television	799,366	784,188
Distribution		
—Radio	43,210	41,948
—Television	114,162	110,893
	1,206,981	1,172,205
Specialty services (Note 9)	47,792	51,408
Less: Recoveries—Government assistance	(15,708)	
Corporate engineering services	9,160	9,988
Corporate management and services	48,628	48,318
Selling and merchandising	45,785	45,781
Expense reductions and restructuring (Note 10)	16,286	62,055
	1,358,924	1,389,755
Excess of expense over income before income taxes	81,630	41,850
Income taxes (Note 11)	1,673	1,414
Excess of expense over income	83,303	43,264
Reconciliation to government funding basis		
Deduct: Net items not requiring current operating funds (Note 8)	73,878	74,685
(Deficit) surplus for the year	(9,425)	31,421
Surplus (deficit), beginning of year	8,331	(23,090)
(Deficit) surplus, end of year	(1,094)	8,331

The accompanying notes and schedule A are an integral part of the financial statements.

SCHEDULE OF NATIONAL BROADCASTING SERVICE
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars) SCHEDULE A

	1992	1991
Program activities		
Radio		
English		
Network	56,923	54,891
Regional contributions to network	22,831	21,172
Regional	73,047	69,635
French		
Network	50,186	46,070
Regional contributions to network	7,647	7,407
Regional	39,609	36,001
	250,243	235,176
Television		
English		
Network	362,505	319,493
Regional contributions to network	45,437	51,661
Regional	86,560	113,812
French		
Network	243,982	226,322
Regional contributions to network	23,129	22,340
Regional	37,753	50,560
	799,366	784,188
	1,049,609	1,019,364
Distribution activities		
Radio		
Network distribution	23,663	23,006
Station transmission	19,547	18,942
	43,210	41,948
Television		
Network distribution	73,946	73,603
Station transmission	21,661	20,447
Payments to private stations	18,555	16,843
	114,162	110,893
	157,372	152,841
	1,206,981	1,172,205

The accompanying notes are an integral part of the financial statements.

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF PROPRIETOR'S EQUITY ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Balance, beginning of year	651,476	600,700
Add (deduct)		
Parliamentary appropriations (Note 8)		
Capital	126,475	89,218
Working capital	4,000	4,000
Gain (loss) on disposal of capital assets	621	(318)
Contributions to capital projects	782	1,140
(Deficit) surplus for the year	(9,425)	31,421
Net items not requiring current operating funds (Note 8)	(73,878)	(74,685)
Balance, end of year	700,051	651,476

The accompanying notes and schedule A are an integral part of the financial statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Excess of expense over income	(83,303)	(43,264)
Items not involving cash		
Amortization of capital assets	76,326	68,294
Amortization of deffered charge	1,338	1,298
Employee termination benefits	10,043	(1,328)
Deferred pension contribution	(15,252)	2,817
Net change in non-cash working capital balances (Note 12)	(11,780)	21,924
	(22,628)	49,741
Financing activities		
Parliamentary appropriations (Note 8)		
Capital	126,475	89,218
Working capital	4,000	4,000
Proceeds on disposal of capital assets/financing from other organizations	2,626	3,402
Capital lease obligations assumed	2,636	1,924
	135,737	98,544
Investing activities		
Acquisition of capital assets	(126,873)	(89,396)
Capital portion of lease payments	(2,804)	(2,526)
Equipment acquired under capital lease	(2,636)	(1,924)
	(132,313)	(93,846)
(Decrease) increase in cash and short-term investments	(19,204)	54,439
Cash and short-term investments, beginning of year	60,069	5,630
Cash and short-term investments, end of year	40,865	60,069

The accompanying notes and schedule A are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992

1. Authority and objective

The Canadian Broadcasting Corporation was established by the 1936 Canadian Broadcasting Act and continued by the 1958, 1968 and 1991 Broadcasting Acts. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

As the national public broadcaster, the Canadian Broadcasting Corporation provides radio and television services in both official languages incorporating predominantly and distinctively Canadian programs to reflect Canada and its regions to national and regional audiences.

2. Significant accounting policies

(a) Programs completed and in process of production

Programs completed and in process of production are stated at cost. Cost includes the cost of goods and services, and the share of labour and overhead expenses applicable to each program.

Program costs are charged to operations as the programs are broadcast or deemed unusable.

(b) Film rights

The Corporation enters into contracts for film broadcasting rights. As payments are made under the terms of each contract they are reflected in the accounts as prepaid film rights. The film rights are charged to operations as the films are broadcast or deemed unusable.

(c) Capital assets

Capital assets are recorded at cost. The cost of assets constructed by the Corporation includes material, engineering services, direct labour and related overhead. Amortization is calculated on the straight-line method using rates based on the estimated useful life of the assets as follows:

Buildings	33 years
Technical equipment	
Transmitters and towers	20 years
Other	10 years
Furnishings and office equipment	10 years
Automotive	5 years
Computers	5 years

Major leasehold improvements are capitalized and amortized over the term of the respective leases to a maximum period of five years. Amounts included in uncompleted capital projects are transferred to the appropriate capital asset classification upon completion, and are then amortized according to the Corporation's policy. Gains and losses on disposals of capital assets are credited or charged to Proprietor's Equity Account.

(d) Capital leases

Assets recorded as capital leases are amortized on the straight-line method over the estimated useful life of the assets or the lease term as appropriate. Obligations recorded under the capital leases are reduced by lease payments net of imputed interest.

(e) Pension cost and obligation

The Corporation provides pensions based on length of service and final average earnings as classified under a number of defined benefit retirement pension arrangements.

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—*Continued*

The cost of pension benefits earned by employees is determined using the projected benefit method of actuarial valuation with projected salary increases where appropriate, pro-rated on services and charged to expense as services are rendered. This cost reflects management's best estimate of the pension fund's expected investment yields, and of salary escalations, mortality of members, terminations and ages at which members will retire. The surplus on the introduction of this accounting policy (effective April 1, 1987), adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service life of the employee group.

The difference between the accumulated amounts expensed and the funding contributions is reflected in the balance sheet as a long-term deferred charge or accrued pension liability as the case may be.

(f) Employee termination benefits and vacation pay

Employee termination benefits and vacation pay are expensed as benefits accrue to employees under their respective terms of employment.

(g) Parliamentary appropriations

Parliamentary appropriations for operating expenditures are recorded as income. Parliamentary appropriations for capital and working capital are credited to Proprietor's Equity Account.

3. Engineering and production supplies and merchandise

During the current year, the Corporation changed its method of accounting for engineering and production supplies and merchandise. These items are now being expensed as incurred and charged to operations instead of being carried as inventory.

The change in accounting policy is being applied prospectively. As a result, inventory of $5.2 million at March 31, 1992 has been expensed in the current year. Had the change in accounting policy been applied on a retroactive basis, the surplus for 1990-91 would have been reduced by $7.7 million to $0.6 million and the proprietor's equity account at March 31, 1991 to $643.8 million from $651.5 million.

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land	36,155		36,155	35,386
Buildings	301,498	140,283	161,215	156,914
Technical equipment	821,189	436,235	384,954	374,374
Furnishings, office equipment and computers	48,995	27,360	21,635	22,544
Automotive	17,035	11,813	5,222	4,361
Leasehold improvements	8,298	6,476	1,822	2,239
Property under capital leases	1,305	520	785	1,054
Uncompleted capital projects	176,104		176,104	139,060
	1,410,579	622,687	787,892	735,932

5. Deferred charges

(a) Deferred pension contribution

Projections from the latest actuarial valuations show an estimated present value of accrued pension benefits of $2,047.7 million as at March 31, 1992 (1991—$1,923.3 million) which includes $6.5 million (1991—$2.3 million) of unfunded retirement benefits. Market related values have been used for valuing pension fund assets which, based on financial information as at March 31, 1992, are valued at $2,140.2 million (1991—$2,039.5 million).

The deferred charge as at March 31, 1992 amounts to $13.4 million (1991—$1.9 million accrued pension liability) and is the difference between the accumulated pension expense and the required funding contributions.

(b) CBC Newsworld

In the fiscal year 1988-89 the Corporation was granted a license to operate CBC Newsworld. Total development costs amounting to $6.5 million at August 31, 1989 are being amortized over a five year period commencing September 1, 1989. Amortization for the year amounted to $1.3 million (1991—$1.3 million) The balance of the deferred charge for CBC Newsworld is $3.1 million at March 31, 1992.

6. Advances from Government of Canada

Advances from the Government of Canada are made for working capital purposes and are non-interest bearing. These advances become repayable when cash and short-term investments exceed the Corporation's requirements for working capital.

Working capital is determined on a government funding basis which excludes items not requiring current operating or capital funds.

7. Capital leases

(a) Obligation under capital leases

As at March 31, the Corporation's obligations related to capital leases are as follows:

	1992	1991
	(in thousands of dollars)	
1992		284
1993	269	277
1994	269	269
1995	628	628
Total future payments	1,166	1,458
Deduct: imputed interest	175	299
Present value of capital lease obligations	991	1,159
Deduct: current portion	180	168
Long-term obligations under capital leases	811	991

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—*Continued*

(b) Canadian Broadcasting Centre, Toronto

In accordance with Governor in Council approval, the Corporation signed a project agreement, dated September 30, 1988, with Cadillac Fairview Corporation Limited, as the selected developer, for the construction of a building, on the Corporation's site in downtown Toronto, to house the Corporation's Toronto-based operations.

Upon basic completion of the building, as defined in the agreement to lease between the Corporation and Cadillac Fairview, dated October 14, 1988, the Corporation executed the Broadcast Centre building lease on August 31, 1991 which has a term extending to August 30, 2038. The Corporation is committed to pay rent under all circumstances and in the event of termination of the lease, at the Corporations's option or otherwise, pay sufficient rent to repay all interim and permanent financing.

The Corporation is committed to commence payment of rent by September 30, 1993. In order to minimize the future interest costs associated with the lease, the Corporation anticipates opting to commence rent payments on April 1, 1993 and has advanced $58,108,000 to date towards the project, primarily from land revenues from the site.

The Corporation will take occupancy of the building as substantial completion, which is now estimated at July 10, 1992, and the lease, which is capital in nature, will be recorded at that date as an obligation of the Corporation. The obligation under the lease for the net building cost is expected to be within the $381.2 million budget established for Order-in-Council approval in 1988.

8. Parliamentary appropriations

The Corporation receives funds from the Parliament of Canada through annual appropriations. During the fiscal year 1990-91, the Corporation received supplementary operating appropriations of $50.0 million to assist in the funding of restructuring expenses. Approval was also granted to transfer $25.1 million from capital appropriations to operating appropriations in order to fund recessionary impacts. The appropriations received by the Corporation are noted below.

	1992		1991	
	(in thousands of dollars)			
Appropriations				
Operating	900,562		910,112	
Plus: restructuring			50,000	
transfer from capital			25,100	
		900,562		985,212
Capital	126,475		114,318	
Less: transfer to operating			(25,100)	
		126,475		89,218
Working capital		4,000		4,000
		1,031,037		1,078,430

The following summarizes the items included in the statement of income and expense that do not require current operating funds:

	1992	1991
	(in thousands of dollars)	
Amortization of capital assets	76,326	68,294
Employee termination benefits	14,208	(1,188)
Program inventory costs	(1,404)	4,762
Deferred pension contribution	(15,252)	2,817
	73,878	74,685

9. Specialty services

The Corporation operates three specialty services including CBC Newsworld, Radio Canada International (RCI) and the Parliamentary Channels.

(a) CBC Newsworld

The Corporation operates CBC Newsworld under a license condition that the operation be reported on an incremental cost/revenue basis. In compliance with the license condition, incremental revenue of $29.0 million and incremental costs of $29.2 million, for the year ended March 31, 1992, are being reported separately to the Canadian Radio-Television and Telecommunications Commission. For the twelve months ended March 31, 1991 incremental revenue of $25.8 million and incremental costs of $25.9 million were reported to the CRTC. The cumulative excess incremental revenues of $0.7 million as at March 31, 1992 are maintained for CBC Newsworld's future activities. These activities are an integral part of the operations of the Corporation. The incremental costs are included in the specialty services expense and the incremental revenues are reported as income.

(b) RCI and Parliamentary Channels

As part of the December 1990 announcement on the restructuring of the Corporation, RCI and the Parliamentary Channels were to cease operations. Subsequently, agreements were negotiated with the Minister of External Affairs for RCI and the Speaker of the House of Commons for the Parliamentary Channels so that these specialty services would continue operating with costs recovered from their respective funding. Costs for these services are included in specialty services and recoveries are reflected as government assistance.

10. Expense reductions and restructuring

In 1991-92 the Board of Directors approved the implementation of productivity and efficiency measures to address projected funding shortfalls related to future years activities in order to avoid the need to reduce services. Total expenses incurred in the current fiscal year primarily related to employee voluntary separations, amounted to $12.1 million. Employee termination benefits accrued and expensed under normal operations (see Note 2(f)) as items not requiring current operating funds to the end of the previous fiscal year totalled $4.2 million (1990-91—$10.9 million).

CANADIAN BROADCASTING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1992—*Concluded*

On December 3, 1990, the Board of Directors approved the restructuring of regional television services and modified the status of the English and French parliamentary channels as well as the shortwave service Radio Canada International in order to address a significant projected shortfall in income for fiscal 1991-92. Expenses incurred in the current fiscal year relating to this activity amounted to $4.2 million (1990-91—$62.1 million).

The total expenses on a government funding basis requiring current operating funds for expense reductions and restructuring activities were $20.5 million (1990-91—$72.9 million).

11. Income taxes

The Corporation is a prescribed federal Crown corporation under Part LXXI of the Income Tax Regulations and is subject to the provisions of the federal Income Tax Act. Amortization and capital cost allowance are not allowable deductions in the determination of the Corporation's taxable income. Therefore, the Corporation may have taxable income even when there is an excess of expense over income in any year. In addition, the Corporation is subject to the large corporations tax and must pay tax on defined capital exceeding $10 million.

During the year, the Corporation paid large corporations tax of $1.7 million and did not incur other income tax expense due to the utilization of $6.0 million of $14.3 million accumulated losses carried forward. The remaining $8.3 million of accumulated losses carried forward for income tax purposes has not been recognized in the financial statements. The tax benefits pertaining to this loss carry-forward are available until 1997.

12. Net change in non-cash working capital balances

	1992	1991
	(in thousands of dollars)	
Cash provided by (used for)		
Accounts receivable	(10,743)	(10,054)
Engineering and production supplies and merchandise	7,691	3,292
Programs completed and in process of production	3,706	9,796
Prepaid film and script rights and other expenses	(8,851)	(9,201)
Accounts payable and accrued liabilities	(7,754)	26,612
Short-term portion of capital leases	(12)	1,339
Accrued vacation pay	4,183	140
	(11,780)	21,924

13. Commitments

(a) Program related

As at March 31, 1992, commitments for sports rights amounted to $140.8 million; procured programs, film rights and co-productions amounted to $19.7 million for total commitments of $160.5 million.

(b) Operating leases

As at March 31, the Corporation's obligations related to operating leases are as follows:

	1992	1991
	(in thousands of dollars)	
1993	49,308	31,992
1994	25,282	21,494
1995	16,071	13,094
1996	10,113	6,959
1997	6,953	15,122
1998-2062	17,705	
Total future payments	125,432	88,661

14. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the Corporation. In the opinion of management, the losses, if any, which may result from the settlement of these matters are not likely to be material and accordingly no provision has been made in the accounts of the Corporation. In the event that such expenditures were incurred, they would be recognized as period costs.

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada.

During the year, transactions with these related departments, agencies and Crown corporations were in the normal course of business on normal trade terms applicable to all individuals and enterprises. Transactions with the Parliament of Canada are outlined in Notes 6,8 and 9.

16. Comparative figures

Certain of the 1991 comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN COMMERCIAL CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF SUPPLY AND SERVICES

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 1992 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canadian Commercial Corporation Act and by-laws of the Corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 11, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash and short-term deposits	172,556	186,346
Accounts receivable		
Foreign governments (Note 6)	98,784	123,840
Government departments	450	234
Other	1,272	2,056
Advances to suppliers	21,312	132,880
Progress claims paid or due	383,134	540,836
	677,508	986,192

LIABILITIES	1992	1991
Accounts payable and accrued liabilities	108,653	122,624
Advances from customers	135,415	273,190
Progress payments received or due	382,869	540,724
Payable to Government of Canada (Note 8)	500	
Due to Government departments	934	1,551
Provision for additional contract costs (Note 4)	1,587	1,922
	629,958	940,011
Employee termination benefits	1,366	872
Contingencies (Note 5)		
	631,324	940,883
EQUITY OF CANADA		
Contributed surplus	20,000	20,000
Retained earnings	26,184	25,309
	46,184	45,309
	677,508	986,192

Approved by the Board:

NICK MULDER
President

FRANK PETRIE
Director

CANADIAN COMMERCIAL CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Contract billings	754,557	695,458
Interest income	5,655	8,183
Other income	1,061	831
	761,273	704,472
Expenses		
Cost of contract billings	754,557	695,458
Additional contract costs (recovery)	(356)	(390)
Services provided by Supply and Services Canada (Note 9(a))	7,358	7,581
Administrative	9,500	8,828
Legal fees and expenses (Note 9(b))	888	980
Other	671	245
	772,618	712,702
Net cost of operations	11,345	8,230
Parliamentary appropriation (Note 7)	14,060	14,917
	2,715	6,687
Retained earnings at beginning of the year	25,309	20,052
Payment to Government of Canada (Note 8)	(1,840)	(1,430)
Retained earnings at end of the year	26,184	25,309

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Financing activities		
Parliamentary appropriation drawn down	14,060	14,917
Payment to Government of Canada	(1,840)	(1,430)
Cash provided by financing activities	12,220	13,487
Operating activities		
Operations		
Net cost of operations	(11,345)	(8,230)
Net changes in non-cash balance sheet items		
Operating balances from customers and to suppliers	11,911	(7,697)
(Increase) decrease in receivable from government departments	(216)	1,580
Advances and progress claims from customers and to suppliers	(26,360)	(18,882)
Cash used in operating activities	(26,010)	(33,229)
Decrease in cash and short-term deposits	(13,790)	(19,742)
Cash and short-term deposits at beginning of year	186,346	206,088
Cash and short-term deposits at end of year	172,556	186,346

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Nature, organization and funding

The Corporation was established in 1946 by the Canadian Commercial Corporation Act and is an agent Crown corporation listed in Part I of Schedule III to the Financial Administration Act.

The Corporation acts as the prime contracting agency when other countries and international organizations wish to purchase products and services from Canada on a government-to-government basis. Contracts are made with foreign governments and international organizations and corresponding supply contracts are entered into with Canadian firms by the Corporation (see Note 4).

The Government has provided the Corporation with $20 million as contributed surplus. The Corporation has authority to draw loans from the Consolidated Revenue Fund in amounts up to a total of $10 million as required to supplement its working capital. Annually, the Corporation seeks funding for its operation through parliamentary appropriation (see Note 7).

2. Significant event

The Government of Canada, in streamlining its operations, directed in February 1992 that the Corporation's functions were to continue, integrated within Supply and Services Canada (SSC) to achieve economies. Related legislation is anticipated to be tabled shortly. Anticipated costs associated with integration have been accrued in the financial statements.

3. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles in Canada, consistently applied, and conform in all material respects with International Accounting Standards. A summary of significant policies follows:

(a) Contracts

Revenues from contracts are recorded at the time of delivery except in the case of contracts involving progress payments; in these cases, revenues are recorded at the time the progress payments are billed to customers. Since title to work-in-progress covered by progress claims has not passed to customers, the Corporation sets up a corresponding liability and cost of contract billings. The Corporation records all progress claims by its suppliers as assets. These assets and liabilities are reduced, in accordance with contract terms, as deliveries are accepted.

The cumulative effect of changes in the estimated cost of uncompleted contracts is recorded in the statement of operations in the year when the change is first determined.

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the month in which the transactions occur.

Contracts with foreign governments and corresponding contracts with Canadian suppliers are generally entered into in the same currency, or alternatively, the contract terms in the supplier contract pass the risk to the supplier. This reduces the Corporation's contractual exposure to losses or gains due to fluctuations in foreign exchange.

CANADIAN COMMERCIAL CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

The Corporation maintains some working capital in U.S. currency to facilitate the cash flow between foreign customers and Canadian suppliers.

(c) Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(d) Employee termination benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Income taxes

The Corporation is not subject to income taxes.

(f) Capital assets

Capital assets are fully amortized in their year of purchase as their costs are not recovered through future operations.

4. Contractual obligations

The Corporation is obligated to fulfil numerous contracts with foreign customers. These contracts range in value up to approximately $500 million. The total contract value remaining to be fulfilled approximates $1.2 billion as at March 31, 1992 (1991—$1.4 billion).

The Corporation may incur additional contract costs should suppliers not fulfil the terms of their contracts. As of March 31, 1992, the Corporation has a provision of $1,587,000 (1991—$1,922,000) for additional contract costs, which may be incurred if certain suppliers are unable to meet their contractual obligations.

5. Contingencies

The Corporation is involved in three legal actions, which it considers as material. Losses, if any, resulting from the resolution of these contingencies, will be accounted for as a charge to income when it is first determined that a loss is likely to occur.

(a) The Corporation has been named as defendant in proceedings commenced in 1975 by a supplier alleging losses resulting from the termination of a contract and seeking damages in an amount of $6.8 million plus accrued interest and costs. In 1989, the Court ruled in favour of the Corporation on the determination of one of the major issues between the parties. As of March 31, 1992, the balance of the issues in dispute between the Corporation and its supplier are yet to be heard by the Court. Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of this matter is required.

(b) The Corporation has been named as defendant in proceedings commenced in 1985 by a supplier relating to a contract entered into in 1983 in which the claimant is seeking damages in an amount of $876,000. Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of this matter is required.

(c) The Corporation has been named as respondent in proceedings commenced in 1987 in which a supplier challenged the applicability of the fee for service system put in place by the Corporation in 1986, to a transaction between this supplier and the Corporation. The Corporation appealed the judgement of the Court of first instance rendered in 1990 which, inter alia, granted this supplier's motion. If the findings of the Court were upheld by the Court of Appeal, an amount of $1.6 million dollars could be claimed from the Corporation. After a review of the reasons for the judgement of the Court and of the law by counsel, management is of the opinion that no provision for possible loss in respect of these proceedings is required.

6. Accounts receivable

As at March 31, 1992, the Corporation has provided $1,721,000 (1991—$787,000) to cover the possible non-collection of certain accounts receivable from foreign governments.

7. Parliamentary appropriation

For the fiscal year 1991-92, Parliament approved an appropriation amount of $14,492,000 (1991—$15,157,000). Subsequently, the Government decided to offset unanticipated government-wide program costs through re-allocations. Consequently, the Corporation's entitlement was reduced by $430,000. The Corporation drew down $14,060,000 (1991—$14,917,000).

8. Payment to Government of Canada

During the year ended March 31, 1992, the Corporation made a payment of $1,340,000 to the Government of Canada. On March 20, 1992, the Board of Directors approved a similar payment of $500,000, to be made in 1992-93, to the Government of Canada.

9. Services provided by the Government of Canada

(a) Supply and Services Canada

Supply and Services Canada provides contracting services to the Corporation at predetermined rates approved by Treasury Board, based on the amounts of contracts procured, and provides certain administrative functions at cost.

(b) Department of Justice

The Department of Justice represents the Corporation in certain matters. The Corporation pays for amounts billed by Justice related to legal fees and expenses incurred in connection with specific actions but not for general legal services.

CANADIAN COMMERCIAL CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

10. Insurance

The Corporation follows the practice of self insuring.

11. Commitments

Effective April 1986, the Corporation entered into a ten-year lease agreement for office space. The minimum lease payments for the next four years, and in total, will approximate the following:

	$
1993	1,093,000
1994	1,148,000
1995	1,205,000
1996	1,265,000
	4,711,000

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1992
WERE NOT AVAILABLE AT DATE OF PRINTING

CANADIAN DAIRY COMMISSION—*Continued*

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Dairy Commission and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to Commission policies and statutory requirements.

The Audit Committee, which is made up of the Commission's three Commissioners, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Commission's external auditors and those conducting its internal audits have free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Roch Morin
Chairman

Paul Simard
Director of Finance

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of the Canadian Dairy Commission as at July 31, 1991 and the statement of operations and financing by producer levies and the statement of dairy support program and costs financed by the Government of Canada for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canadian Dairy Commission Act and the by-laws of the Commission.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 4, 1991

BALANCE SHEET AS AT JULY 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Accounts receivable		
Trade	1,603	14
Government of Canada		
(Dairy Support Program)	33,431	40,249
Producer levies	70,204	48,146
Inventories (Note 4)	128,345	143,985
	233,583	232,394

LIABILITIES	1991	1990
Accounts payable and accrued liabilities	42,971	38,537
Direct support payments payable to producers	33,407	40,084
Allowance for losses on disposal of surplus production (Note 4)	25,827	35,515
Loans from Government of Canada (Note 5)	136,647	106,283
	238,852	220,419
(DEFICIENCY) EXCESS OF FINANCING BY PRODUCER LEVIES		
(Deficiency) excess at end of year	(5,269)	11,975
	233,583	232,394

The accompanying notes and schedule are an integral part of these financial statements.

Approved:

ROCH MORIN
Chairman

KENNETH McKINNON
Vice-Chairman

PAUL SIMARD
Director of Finance

CANADIAN DAIRY COMMISSION—*Continued*

STATEMENT OF OPERATIONS AND FINANCING
BY PRODUCER LEVIES
FOR THE YEAR ENDED JULY 31, 1991
(in thousands of dollars)

	1991	1990
Export sales	138,088	182,663
Cost of goods sold	192,886	212,012
Loss on export sales	54,798	29,349
Domestic sales	55,482	60,262
Cost of goods sold	56,105	59,663
Loss (margin) on domestic sales	623	(599)
Total loss on sales	55,421	28,750
Assistance and expenses	137,608	121,506
Total cost of operations	193,029	150,256
Less operating costs financed by the Government of Canada Administrative expenses	3,501	3,476
Net cost of operations financed by producer levies	189,528	146,780
Financing by producer levies (Note 3)	183,059	155,929
(Deficiency) excess in financing of net cost of operations	(6,469)	9,149
Excess at beginning of year	11,975	25,155
	5,506	34,304
Refunds of previous year's excess	10,775	22,329
(Deficiency) excess at end of year	(5,269)	11,975

The accompanying notes and schedule are an integral part of these financial statements.

STATEMENT OF DAIRY SUPPORT PROGRAM AND COSTS
FINANCED BY GOVERNMENT OF CANADA
FOR THE YEAR ENDED JULY 31, 1991
(in thousands of dollars)

	1991	1990
Direct support payments to producers of industrial milk and cream	254,286	265,795
Administrative expenses	3,501	3,476
Cost of production and dairy policy studies	786	764
Total costs financed by the Government of Canada	258,573	270,035

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1991

1. The Commission

The Canadian Dairy Commission (the "Commission"), is an agent Crown corporation named in Part I, Schedule III to the Financial Administration Act and is not subject to the provisions of the Income Tax Act. The objectives of the Commission, as established by the Canadian Dairy Commission Act, are "to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality".

The Commission administers the dairy support program financed by the Government of Canada, under which it makes direct support payments to producers. In cooperation with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, the Commission undertakes the management and administration of operations financed by producer levies.

The Commission purchases, at Canadian support prices, all butter and skim milk powder tendered to it. While most of the butter purchased by the Commission is later resold in the domestic market, most of the skim milk powder is in excess of domestic needs and is exported. The Commission sells production surplus to domestic requirements in the form of whole milk products, skim milk powder and butter on international markets at the prevailing world prices. Historically, these prices have usually been lower than Canadian support prices. The Commission also pays assistance to processors and exporters to assist them in disposing of dairy products directly.

2. Significant accounting policies

Foreign currency translation

Substantially all sales in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the exchange rates provided therein. Sales in foreign currencies that are not hedged are translated into Canadian dollars at the exchange rate in effect on the transaction date.

Inventories

Inventories are valued at the lower of cost or estimated net realizable value.

Allowance for losses on disposal of surplus production

The Commission establishes an allowance for losses on disposal of surplus production by reference to its outstanding purchase commitments, actual butter inventory levels at year-end relative to the normal levels, and world market prices. The Commission has determined normal year-end butter inventory levels to be 10 million kilograms.

(Deficiency) excess in financing of net cost of operations

Any deficiency or excess in the financing by producer levies of the net cost of operations may be carried forward and applied against future operations or recovered from or refunded to producers as determined by the Canadian Milk Supply Management Committee. Lump sum recoveries or refunds are recorded in the year declared.

CANADIAN DAIRY COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1991—*Continued*

3. Financing

Government of Canada (Dairy Support Program)

The Agricultural Stabilization Board provides financing to the Commission, pursuant to the provisions of the Agricultural Stabilization Act (ASA), for direct support payments to producers of eligible industrial milk and cream up to maximum amounts authorized by the Governor in Council. Effective April 1, 1991, the Farm Income Protection Act (FIPA) came into force. Although FIPA repeals the ASA, it includes transitional provisions stipulating that the ASA and any regulations made thereunder continue to apply in respect of industrial milk and cream until March 31, 1992.

A major portion of the Commission's administrative expenses as well as professional services relating to cost of production and other studies are financed by the Government of Canada.

Producer levies

Producers are responsible for all costs of operations not financed by the Government of Canada. These costs are financed through levies established by the CMSMC, charged and collected by the provincial marketing boards and agencies and remitted to the Commission.

Producer levies are comprised of:

	1991	1990
	(in thousands of dollars)	
Industrial milk		
In-quota levies	143,641	123,780
Over-quota levies	31,273	24,995
	174,914	148,775
Fluid milk	8,145	7,154
Total	183,059	155,929

The Commission's administrative expenses of $5.1 million (1990—$5.0 million) have been financed from producer levies and by the Government of Canada in the amounts of $1.6 million (1990—$1.5 million) and $3.5 million (1990—$3.5 million), respectively.

Industrial milk levies include an amount to cover all eligible costs associated with actual butter inventory levels up to normal levels determined by the Commission. The deficiency of financing over these eligible costs for the year amounted to $1.0 million (1990—$1.7 million). The cumulative excess at year-end amounted to $0.2 million (1990—$1.2 million) and is netted against the deficiency in financing of net cost of operations.

4. Inventories

Inventories are comprised as follows:

	1991	1990
	(in thousands of dollars)	
Cost		
Butter	76,831	90,742
Skim milk powder	91,061	63,669
Other dairy products	12,342	13,903
	180,234	168,314
Less allowance for write down		
Butter (unsalted only)	1,502	
Skim milk powder	45,732	18,694
Other dairy products	4,655	5,635
	51,889	24,329
Net book value	128,345	143,985

In addition, in accordance with the Commission's accounting policies, an allowance for losses on disposal of surplus production has been established at $25.8 million (1990—$35.5 million), primarily for the disposal of surplus butter production.

5. Loans from Government of Canada

Loans from the Government of Canada, to a maximum of $300 million, are available to finance operations. There are no specific terms of repayment. Principal and accrued interest, however, are repaid on a regular basis as and when funds are available. The interest rates during the year varied from 13.922% to 8.763% (1990—12.014% to 13.922%).

Loan transactions for the year are summarized as follows:

	1991	1990
	(in thousands of dollars)	
Balance at beginning of year	106,283	114,250
Borrowings	234,873	252,627
Payments	(204,509)	(260,594)
Balance at end of year	136,647	106,283
Accrued interest at end of year	2,388	1,922

6. Representatives' fees

The Commission has used the services of representatives for the sale of dairy products on the export market. Their fees, which are included in cost of goods sold, are as follows:

	1991	1990
	(in thousands of dollars)	
Groupe Lactel (formerly Coopérative Fédérée de Québec)	1,578	808
Intercontinental, Mexico	674	1,848
Keskidi-Lait Commerce ENR	130	
Gestion Y. Dessarrollo—Commercial S.A., Peru	56	59
Total	2,438	2,715

CANADIAN DAIRY COMMISSION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1991—*Concluded*

7. Purchase commitments

As at July 31, 1991, the Commission was committed to purchase butter and skim milk powder produced prior to that date at Canadian support prices and other dairy products produced prior to that date at negotiated contract prices. These commitments amounted to approximately $12.0 million (1990—$12.0 million).

8. Related party transactions

Included in export sales is an amount of $13.3 million (1990—$15.0 million) of sales to the Canadian International Development Agency. These sales were carried out in the normal course of business and at the Commission's established sales prices.

In addition, government departments provided the Commission with certain administrative services without charge.

9. Subsequent event

The Candian Milk Supply Management Committee, at its meeting of September 26 and 27, 1991, decided that the deficiency of financing by producer levies as at July 31, 1991 will be carried forward and applied against future operations.

10. Financial statement presentation

A statement of changes in financial position has not been included because, in the opinion of management, it would not provide any meaningful additional information.

SCHEDULE OF OPERATIONS BY PRODUCT
FOR THE YEAR ENDED JULY 31, 1991
(in thousands of dollars)

	1991					1990				
	Butter	Skim milk powder	Evaporated milk	Other products*	Total	Butter	Skim milk powder	Evaporated milk	Other products*	Total
Export sales	13,916	81,240	10,313	32,619	138,088	11,159	144,117	8,068	19,319	182,663
Cost of goods sold	34,759	99,702	11,104	47,321	192,886	15,722	163,533	10,128	22,629	212,012
Loss on export sales	20,843	18,462	791	14,702	54,798	4,563	19,416	2,060	3,310	29,349
Domestic sales	52,730	2,752**			55,482	60,262				60,262
Cost of goods sold	51,322	4,783			56,105	59,663				59,663
Loss (margin) on domestic sales	(1,408)	2,031			623	(599)				(599)
Total loss on sales	19,435	20,493	791	14,702	55,421	3,964	19,416	2,060	3,310	28,750
Assistance and expenses										
Dairy product assistance										
—Export	1,352	631	416	24,772	27,171	1,285	203	311	25,744	27,543
—Domestic	201	9,380			9,581	344	12,295			12,639
Inventory writedown	1,502	45,732	4,275	380	51,889		18,694	174	5,461	24,329
Promotion and donation	4,067	159			4,226	3,892	1,475		446	5,813
Carrying charges	7,768	4,704	561	745	13,778	7,148	3,402	335	778	11,663
Provision for (recovery of) doubtful accounts			39		39			(1,156)	146	(1,010)
	14,890	60,606	5,291	25,897	106,684	12,669	36,069	(336)	32,575	80,977
Provision for losses on disposal of surplus production					25,827					35,515
Administrative expenses					5,097					5,014
Total assistance and expenses					137,608					121,506
Total cost of operations					193,029					150,256

* Includes whole milk powder and cheese.

** Sold as animal feed.

CANADIAN FILM DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Film Development Corporation as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Canadian Film Development Corporation Act and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Loans	5,075,838	3,119,742
Parliamentary appropriation receivable	18,362,116	11,922,000
Accounts receivable	2,657,717	2,361,888
Prepaid expenses	329,328	318,911
	26,424,999	17,722,541
Long-term		
Loans	761,044	27,390
Capital assets (Note 3)	4,297,722	3,085,564
	31,483,765	20,835,495

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable	11,425,343	5,400,734
Long-term		
Provision for employee termination benefits	497,682	382,585
Deferred rental reduction	276,018	
	773,700	382,585
	12,199,043	5,783,319
Commitments (Note 6)		
EQUITY OF CANADA		
Equity of Canada	19,284,722	15,052,176
	31,483,765	20,835,495

Approved by the Board:

HARVEY CORN
Chairman

Approved by Management:

PIERRE DESROCHES
Executive Director

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992

	1992			1991
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Assistance expenses (Note 4)				
English production	44,632,603	14,736,914	59,369,517	64,632,769
French production	28,527,328	13,718,477	42,245,805	41,109,707
Marketing and distribution		23,690,495	23,690,495	24,594,707
Development of the industry		8,992,161	8,992,161	8,074,842
	73,159,931	61,138,047	134,297,978	138,412,025
Revenues				
Interest	371,723	507,957	879,680	877,784
Cost of operations before administration expenses	72,788,208	60,630,090	133,418,298	137,534,241
Administration expenses (Note 5)			7,410,156	7,352,323
Cost of operations for the year			140,828,454	144,886,564

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	15,052,176	14,806,533
Parliamentary appropriation for the year	145,061,000	145,132,207
	160,113,176	159,938,740
Cost of operations for the year	140,828,454	144,886,564
Balance at end of the year	19,284,722	15,052,176

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Cost of operations for the year	(140,828,454)	(144,886,564)
Items not affecting liquidity		
Loans written-off or converted into investments	231,801	2,448,267
Amortization	641,425	592,703
Increase in the provision for employee termination benefits	115,097	68,035
	(139,840,131)	(141,777,559)
Net change in non liquidity items of working capital related to operations	5,718,363	(7,438,649)
Increase in deferred rental reduction	276,018	
	(133,845,750)	(149,216,208)
Investing activities		
Loans	(10,649,358)	(6,553,812)
Reimbursements of loans	7,727,807	5,571,553
Acquisition of capital assets	(1,853,583)	(1,050,516)
Repayment from the Consolidated Revenue Fund		23,695,307
Repayment of deposit payable		(23,695,307)
	(4,775,134)	(2,032,775)
Financing activities		
Parliamentary appropriation for the year	145,061,000	145,132,207
Parliamentary appropriation receivable		
Increase (decrease) for the year	6,440,116	(6,116,776)
Balance at beginning of the year	11,922,000	18,038,776
Balance at end of the year	18,362,116	11,922,000

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and activities

The Corporation was established in 1967 by the Canadian Film Development Corporation Act with the objective of fostering and promoting the development of a feature film industry in Canada. The Corporation has since been charged with the administration of the Canadian Broadcast Program Development Fund, established on July 1, 1983, within the framework of the Broadcasting Strategy for Canada as well as with the management of various new programs established under the National Film and Video Policy of May 1984.

The Corporation is a Crown corporation subject to the provisions of Part VIII of the Financial Administration Act as it read before its repeal in 1984 and as if it continued to be named in Schedule C of the Act.

2. Significant accounting policies

(a) Liquidity

The financial operations of the Corporation are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the statement of changes in financial position, its liquidity consists of a parliamentary appropriation receivable.

(b) Loans

Loans are shown on the balance sheet at their face value, less an allowance for losses.

(c) Investments

Funds advanced for feature films and Canadian programming, in return for a share in the proceeds, are expensed as assistance expenses in the year in which the funds are paid or have become payable.

Reimbursements of investments are credited to expenses as a reduction of assistance expenses made during the year. Any proceeds in excess of the related investment thereof is accounted for as revenues.

(d) Capital assets

Capital assets are recorded at cost.

Amortization is recorded, using the diminishing-balance method, at the annual rate of 30% for the automobile, 20% for the furniture and equipment and for the computer installations. Leasehold improvements are amortized, using the straight-line method, based on the terms of the leases.

(e) Parliamentary appropriation

The parliamentary appropriation voted to the Corporation for its objectives comprises a lapsing amount for the production of Canadian programming and another amount for the development of a feature film industry which can be carried forward to future years up to the amount of unused film receipts. The admissible unlapsed parliamentary appropriation not used at the end of the year is credited to the Equity of Canada and is presented on the balance sheet as a parliamentary appropriation receivable.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and admissible past service are expensed during the year in which payments are made. The terms of payment for past service are set by the applicable purchase conditions in effect, generally over the number of years of service remaining prior to retirement.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

3. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Furniture and equipment	1,837,697	1,186,594	651,103	723,185
Computer installations	4,020,642	1,140,748	2,879,894	1,711,791
Leasehold improvements	1,067,272	317,672	749,600	643,728
Automobile	24,465	7,340	17,125	6,860
	6,950,076	2,652,354	4,297,722	3,085,564

CANADIAN FILM DEVELOPMENT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

4. Assistance expenses

	1992			1991
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Investments	79,861,671	63,998,247	143,859,918	142,960,315
Reimbursements from investments	(9,523,233)	(9,752,069)	(19,275,302)	(16,872,186)
Loans written-off or converted into investments	76,461	155,340	231,801	3,061,315
Reimbursements of loans previously written-off	(121,863)	(36,383)	(158,246)	(613,048)
	70,293,036	54,365,135	124,658,171	128,536,396
Operating expenses (Note 5)	2,866,895	6,772,912	9,639,807	9,875,629
	73,159,931	61,138,047	134,297,978	138,412,025

5. Operating expenses

	1992	1991
	$	$
Salaries and employee benefits	9,912,103	9,375,116
Rent, taxes, heating and electricity	2,084,379	2,021,704
Printing, postage and office expenses	1,438,140	1,437,934
Travel	747,953	856,977
Professional services	657,551	1,429,482
Amortization	641,425	592,703
Advertising	608,070	509,416
Telephone and telex	375,710	394,032
Hospitality	206,303	216,088
Relocation	205,092	202,405
Consultants' fees	173,237	192,095
	17,049,963	17,227,952
Portion applicable to assistance expenses (Note 4)	9,639,807	9,875,629
Portion applicable to administration expenses	7,410,156	7,352,323

6. Commitments

As at March 31, 1992, the Corporation:

	French projects	English projects	Total
	$	$	$
is contractually committed to advance funds as loans and investments	10,193,078	13,096,316	23,289,394
has accepted to finance projects that may call for disbursements	3,760,905	1,475,707	5,236,612
	13,953,983	14,572,023	28,526,006

Under a production revenue sharing program, the Corporation has committed funds totalling $3,730,676 as at March 31, 1992, for projects yet to be submitted, under certain conditions.

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	$
1993	2,280,808
1994	2,172,108
1995	2,072,846
1996	1,942,337
1997	1,861,366
1998-2003	9,187,325
	19,516,790

7. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

AUDITOR'S REPORT

TO THE CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY
AND THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the Canadian Institute for International Peace and Security as at March 31, 1992 and the statements of operations and equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 25, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Cash and term deposits	1,431,078	1,647,452
Accounts receivable and accrued interest	43,291	37,325
Prepaid expenses	163,591	94,908
Furniture, equipment and leasehold improvements (Note 4)	128,764	226,148
	1,766,724	2,005,833

LIABILITIES	1992	1991
	$	$
Accounts payable and accrued liabilities (Note 5)	1,337,323	325,290
EQUITY OF CANADA		
Equity of Canada	429,401	1,680,543
	1,766,724	2,005,833

Winding-up of the Insitute (Note 2).
Commitments (Note 6).

Approved by the Board:

DAVID BRAIDE
Chairman of the Board

BERNARD WOOD
Chief Executive Officer

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Continued*

STATEMENT OF OPERATIONS AND EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenses		
Programmes		
Research	1,297,019	1,418,506
Public programmes	1,428,362	1,334,912
Grants, awards and bursaries	1,042,448	1,032,855
Information services	659,014	638,473
	4,426,843	4,424,746
General administration and support	774,380	810,334
Expenses before wind-up costs (Schedule)	5,201,223	5,235,080
Wind-up costs (Note 5)	1,185,974	
Total expenses	6,387,197	5,235,080
Revenue		
Investment and other income	136,055	181,333
Net cost of operations	6,251,142	5,053,747
Parliamentary appropriation	5,000,000	5,000,000
Excess of net cost of operations over parliamentary appropriation	(1,251,142)	(53,747)
Equity of Canada at beginning of the year	1,680,543	1,734,290
Equity of Canada at end of the year	429,401	1,680,543

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Cash used in operations		
Net cost of operations	(6,251,142)	(5,053,747)
Items not requiring an outlay of funds		
Amortization	96,044	101,079
Write-off of leasehold improvements	30,804	
	(6,124,294)	(4,952,668)
Changes in balance sheet accounts		
Increase in prepaid expenses	(68,683)	(4,685)
Increase in accounts receivable and accrued interest	(5,966)	(7,745)
Increase (decrease) in accounts payable and accrued liabilities	1,012,033	(44,164)
Decrease in deferred rent compensation		(11,536)
	(5,186,910)	(5,020,798)
Investing activities		
Acquisition of furniture, equipment and leasehold improvements	(29,464)	(80,923)
Financing activities		
Parliamentary appropriation	5,000,000	5,000,000
Decrease in cash and term deposits during the year	(216,374)	(101,721)
Cash and term deposits at beginning of year	1,647,452	1,749,173
Cash and term deposits at end of year	1,431,078	1,647,452

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1992

1. Authority and operations

The Institute was established in 1984 under the Canadian Institute for International Peace and Security Act (the Act). The Institute is exempt from Divisions I to IV of Part X of the Financial Administration Act. The Institute is exempt from any income taxes.

The purpose of the Institute is to increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective with particular emphasis on arms control, disarmament, defence and conflict resolution, and to:

(a) foster, fund and conduct research on matters relating to international peace and security;

(b) promote scholarship in matters relating to international peace and security;

(c) study and propose ideas and policies for the enhancement of international peace and security; and

(d) collect and disseminate information on, and encourage public discussion of, issues of international peace and security.

In its 1992 Budget tabled in the House of Commons on February 25, 1992, the Government of Canada announced that: "The Canadian Institute for International Peace and Security will be wound up. Any necessary continuing resources will be transferred to the Department of External Affairs."

2. Wind-up of the Institute

Bill C-63, an Act to dissolve or terminate certain corporations and other bodies (including the Institute), received first reading in Parliament on March 10, 1992. On May 5, 1992, the Bill received second reading and was referred to a legislative committee in the Economics envelope. The relevant sections pertaining to the Institute state among other things that:

- All rights and property held by the Institute and all obligations and liabilities of the Institute are deemed to be rights, property, obligations and liabilities of Her Majesty.
- Every reference to the Institute in any deed, contract or other document executed by the Institute in its own name shall, unless the context otherwise requires, be read as a reference to Her Majesty.
- This Act shall come into force on a day to be fixed by order of the Governor in Council.

The Institute is conducting its affairs with the intent of concluding operations on the basis that the legislation will be enacted. Management's best estimate of the effective date of termination of the Institute is July 31, 1992. As of May 25, 1992, the Institute is still in operation.

3. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies followed are:

(a) Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment are amortized on the straight-line basis at an annual rate of 20%. Leasehold improvements are amortized, using the straight-line method, based on the duration of the lease. The unamortized portion of leasehold improvements for the period after July 31, 1992 has been written-off as wind-up cost in 1991-92.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

(b) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Institute's contributions are equal to the contributions paid by its employees in respect of current services. These contributions represent the total liability of the Institute in respect of the pension plan and are recorded as expenses in the same year as the employees' services are rendered.

(c) Parliamentary appropriation

Parliamentary appropriation is recorded in the accounts on an accrual basis. Furthermore, the Act states that the Institute shall be paid from the Consolidated Revenue Fund the sum of $5 million annually or such greater amount as may be appropriated by Parliament.

(d) Grants, awards and bursaries

Grants, awards and bursaries are charged to operations when the conditions of the agreement are met by the recipient.

4. Furniture, equipment and leasehold improvements

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Furniture	339,855	292,535	47,320	84,223
Equipment	316,434	236,802	79,632	127,768
Leasehold improvements	40,638	8,022	32,616	14,157
Leasehold improvements write-off	(30,804)		(30,804)	
	666,123	537,359	128,764	226,148

5. Wind-up costs

As described in Note 1, the Government during the year decided to wind-up the Institute. Management's estimate of the known costs of the wind-up include:

	$
Severance benefits	996,725
Employee assistance and professional fees	156,882
Other wind-up incremental costs	32,367
	1,185,974

Accounts payable and accrued liabilities include $1,143,662 in wind-up costs accrued at March 31, 1992.

6. Commitments

(a) Equipment and office lease agreements

The total commitment for office lease payments are estimated at $390,000 for each of the six subsequent years up to May 31, 1998. The office lease payments have to be made until the expiry of the agreement; however, as a result of the wind-up of the Institute, it is expected that the office lease will be transferred to the Department of Public Works. The office lease agreement also calls for a pro rata share of occupancy costs of approximately $220,000 annually. The Institute is also committed to make payments totalling $78,400 in subsequent years ($53,200 in 1992-93) for equipment leasing.

(b) Programmes

The Institute is committed to make payments totalling $381,800 in subsequent years ($354,070 in 1992-93) subject to compliance by the recipients with the terms of the agreements.

	$
Research	154,600
Grants, awards and bursaries	222,200
Public programmes	5,000
	381,800

7. Related party transactions

The Institute is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Institute enters into transactions with these entities in the normal course of business.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Concluded*

SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1992

	Research	Public programmes	Grants, awards and bursaries	Information services	General administration and support	Total 1992	Total 1991
	$	$	$	$	$	$	$
Salaries and employee benefits	624,797	528,986	174,776	331,154	313,498	1,973,211	1,831,315
Projects	432,636	173,646		43,856		650,138	672,253
Rent and occupancy	157,421	130,410	40,969	177,981	131,478	638,259	613,145
Grants*			589,701			589,701	589,508
Publications		409,585		10,338		419,923	503,950
Transportation and communications	63,721	56,356	26,435	53,993	62,855	263,360	338,731
Awards and bursaries			194,600			194,600	187,600
Professional and special services	2,754	58,852	15,967	8,169	94,930	180,672	176,840
Material and supplies				33,523	57,325	90,848	140,909
Amortization					96,044	96,044	101,079
Conferences, seminars and workshops	15,690	70,527				86,217	47,565
Directors fees					18,250	18,250	32,185
	1,297,019	1,428,362	1,042,448	659,014	774,380	5,201,223	5,235,080

* Additional commitments resulting from grants approved in 1991-92 are reflected in the figures shown in Note 6(b) to financial statements.

CANADIAN LIVESTOCK FEED BOARD

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of the Canadian Livestock Feed Board as at November 25, 1991 and the statements of operations, deficit and changes in financial position for the period April 1 to November 25, 1991. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at November 25, 1991 and the results of its operations and the changes in its financial position for the period April 1 to November 25, 1991 in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Board that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Livestock Feed Assistance Act and regulations and the by-laws of the Board.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 28, 1992

BALANCE SHEET AS AT NOVEMBER 25, 1991
(with comparative figures as at March 31, 1991)

ASSETS	November 25, 1991	March 31, 1991
	$	$
Current		
Accounts receivable	42,615	12,917
Parliamentary appropriations receivable	2,758,458	1,795,869
	2,801,073	1,808,786
Amounts recoverable under the new inland elevator construction assistance program (Note 3)	35,458	69,637
	2,836,531	1,878,423

LIABILITIES	November 25, 1991	March 31, 1991
	$	$
Current		
Accounts payable	109,829	150,265
Contributions payable	2,725,302	1,974,853
	2,835,131	2,125,118
Provision for employee termination benefits	168,007	187,690
	3,003,138	2,312,808
DEFICIENCY OF CANADA		
Deficit	(166,607)	(434,385)
	2,836,531	1,878,423

Approved by Management:

PIERRE MORIN
Director of Finance

Approved by the Board:

GRIFFITH THOMAS MEREDITH
Chairman

CANADIAN LIVESTOCK FEED BOARD—*Continued*

STATEMENT OF OPERATIONS
FOR THE PERIOD APRIL 1 TO NOVEMBER 25, 1991
(with comparative figures for the year ended March 31, 1991)

	November 25, 1991	March 31, 1991
	$	$
Contributions		
Feed freight assistance	12,137,465	16,507,804
New inland elevator construction assistance (Note 3)	11,385	
	12,148,850	16,507,804
Administration expenses		
Salaries and employee benefits	781,650	1,198,944
Travel	137,534	133,867
Rentals	71,707	101,188
Professional and special services	62,312	56,786
Publication of reports	40,223	45,223
Stationery and office supplies	35,152	46,170
Telephone	32,567	47,796
Goods and services tax	23,710	12,238
Postage	13,263	36,943
Electricity	6,758	14,305
Equipment and office furniture	5,772	57,330
Repairs and upkeep of equipment and furniture	4,800	12,628
Accounting and cheque issue services	4,326	2,000
Miscellaneous	4,439	9,727
	1,224,213	1,775,145
Cost of operations for the period	13,373,063	18,282,949

STATEMENT OF DEFICIT
FOR THE PERIOD APRIL 1 TO NOVEMBER 25, 1991
(with comparative figures for the year ended March 31, 1991)

	November 25, 1991	March 31, 1991
	$	$
Deficit at beginning of the period	434,385	860,303
Cost of operations for the period	13,373,063	18,282,949
	13,807,448	19,143,252
Parliamentary appropriations	(13,636,515)	(18,706,867)
Services provided without charge by a government department	(4,326)	(2,000)
Deficit at end of the period	166,607	434,385

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD APRIL 1 TO NOVEMBER 25, 1991
(with comparative figures for the year ended March 31, 1991)

	November 25, 1991	March 31, 1991
	$	$
Operating activities		
Cost of operations for the period	(13,373,063)	(18,282,949)
Items not affecting liquidity		
Decrease in the provision for employee termination benefits	(19,683)	(152,316)
Services provided without charge by a government department	4,326	2,000
Provision for losses in respect of amounts recoverable under the new inland elevator construction assistance program	11,385	
	(13,377,035)	(18,433,265)
Decrease (increase) in accounts receivable	(29,698)	30,260
Increase (decrease) in accounts payable	(40,436)	39,688
Increase (decrease) in contributions payable	750,449	(299,707)
	(12,696,720)	(18,663,024)
Financing activities		
Parliamentary appropriations	13,636,515	18,706,867
Investing activities		
Amount recovered under the new inland elevator construction assistance program	22,794	43,173
Parliamentary appropriations receivable		
Increase for the period	962,589	87,016
Balance at beginning of the period	1,795,869	1,708,853
Balance at end of the period	2,758,458	1,795,869

CANADIAN LIVESTOCK FEED BOARD—*Concluded*

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 25, 1991

1. Dissolution of the Board

The Board, a Crown corporation named in Part I of Schedule III to the Financial Administration Act, was established in 1967 under the Livestock Feed Assistance Act with the objective of ensuring:

- the availability of feed grain to meet the needs of livestock feeders;
- the availability of adequate storage space in Eastern Canada for feed grain to meet the needs of livestock feeders; and
- reasonable stability in, and fair equalization of, feed grain prices in Eastern Canada, British Columbia, the Yukon Territory and the Northwest Territories.

Chapter 38 of Statutes of Canada 1991, an Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof, was assented to on November 26, 1991. In accordance with this Act, the Board has been dissolved on November 26, 1991 by Order-in-Council (P.C. 1991-2340). The Livestock Feed Assistance Act has been amended to transfer to the Minister of Agriculture the powers and duties previously assumed by the Board. The Minister of Agriculture took over of the assets and liabilities of the Board and the execution of its mandate on November 26, 1991.

2. Significant accounting policies

(a) Liquidity

The financial operations of the Board are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the statement of changes in financial position, the liquidity consists of parliamentary appropriations receivable or payable.

(b) Contributions

Feed freight assistance is charged to operations in the period in which shipments are made.

Write-offs or provisions for losses of amounts recoverable under the new inland elevator construction assistance program are charged to operations in the period in which collection is considered doubtful.

(c) Capital expenditures

Purchases of equipment, office furniture, vehicles and costs of office renovations are expensed in the period of acquisition.

(d) Parliamentary appropriations

Parliamentary appropriations are recorded in the statement of deficit for the period to which they apply.

(e) Services provided without charge

An estimated amount for services provided without charge by a government department is included in expenses with an offset to the statement of deficit.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the period in which they are earned.

(g) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Board contribute equally to the cost of the plan. This contribution represents the total liability of the Board. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

3. Amounts recoverable under the new inland elevator construction assistance program

Under the new inland elevator construction assistance program, the Board contributed towards certain construction costs. As at March 31, 1983, all contributions by the Board had been paid to operators of the elevators. These operators are called upon to reimburse, without interest, part of the contributions received. Reimbursements are based on stored quantities from the fourth to the tenth year of operation of the new facility without exceeding 40% of the contribution received.

As at November 25, 1991, the Board estimates that the amounts that will be recovered, net of a provision for losses, total $35,458 ($69,637 as at March 31, 1991). Because of the basis for the calculation of reimbursements, it is not possible to determine the amounts that will be recovered during each applicable period.

CANADIAN MUSEUM OF CIVILIZATION

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Civilization as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding period.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 5, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Deposit with Receiver General for Canada	7,620	7,045
Accounts receivable (Note 3)	1,152	840
Inventories	1,299	1,305
Prepaid and deffered expenses	592	305
	10,663	9,495
Trust accounts (Note 4)	1,855	1,483
Collection	1	1
Property and equipment (Note 5)	13,432	12,693
	25,951	23,672

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities (Note 6)	8,544	9,132
Current portion of accrued employee termination benefits	122	595
Deferred revenue	30	13
	8,696	9,740
Accrued employee termination benefits	1,961	1,566
Trust account (Note 4)	1,855	1,483
	12,512	12,789
EQUITY		
Equity of Canada (Note 7)	13,439	10,883
	25,951	23,672

Approved by Management:

GEORGE F. MACDONALD
Executive Director

JOE GEURTS
Acting Managing Director

Approved by the Board of Trustees:

PETER A. HERRNDORS
Chairman

PIERRE MOREAULT
Trustee

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992 (Twelve months)	1991 (Nine months)
Expenses		
Personnel costs	25,359	16,645
Professional and special services	4,134	5,261
Furniture and fixtures	3,148	2,013
Amortization	2,932	1,836
Protection services	1,619	2,399
Exhibit design and fabrication	1,386	618
Marketing and advertising	1,013	348
Freight and cartage	949	834
Collection acquisitions	928	510
Repairs and maintenance	820	777
Communications	792	192
Rentals—Other	760	198
Cost of goods sold—Boutiques	721	517
Rentals—Films	385	187
Other	341	368
	45,287	32,703
Revenue		
Cinéplus	2,604	1,268
Boutique sales	1,096	855
General admissions	856	1,034
Parking	603	425
Facility rental and food services concession	474	311
Publications	170	135
Other	560	147
	6,363	4,175
Excess of expenses over revenue before parliamentary appropriation	38,924	28,528

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992 (Twelve months)	1991 (Nine months)
Balance at beginning of period	10,883	10,052
Excess of expenses over revenue before parliamentary appropriation	(38,924)	(28,528)
Parliamentary appropriation—Operations and for acquisition of property and equipment	41,480	29,359
Balance at end of period	13,439	10,883

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992 (Twelve months)	1991 (Nine months)
Operating activities		
Excess of expenses over revenue before parliamentary appropriation	(38,924)	(28,528)
Items not affecting funds		
Amortization	2,932	1,836
Employee termination benefits	395	5
	(35,597)	(26,687)
Change in non-cash operating assets and liabilities	(1,637)	(2,779)
Funds used for operating activities	(37,234)	(29,466)
Investing activities		
Acquisition of property and equipment	(3,671)	(2,667)
Financing activities		
Parliamentary appropriation	41,480	29,359
Increase (decrease) in the deposit with Receiver General of Canada	575	(2,774)
On deposit at beginning of period	7,045	9,819
On deposit at end of period	7,620	7,045

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Mission and mandate

The Canadian Museum of Civilization was established on July 1, 1990 by the Museums Act. The Canadian Museum of Civilization is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Canadian War Museum is a component of the Canadian Museum of Civilization.

The mission, as stated in the Museums Act, is as follows:

"to increase, throughout Canada and internationally, interest in, knowledge and critical understanding of and appreciation and respect for human cultural achievements and human behaviour by establishing, maintaining and developing for research and posterity a collection of objects of historical or cultural interest, with special but not exclusive reference to Canada, and by demonstrating those achievements and behaviour, the knowledge derived from them and the understanding they represent."

In compliance with the Museums Act, assets, liabilities and equity belonging to the Canadian Museum of Civilization were transferred, as of July 1, 1990, from National Museums of Canada to the Canadian Museum of Civilization at book value.

The Canadian Museum of Civilization has entered into a private sector banking arrangement effective April 1, 1992 for its banking needs.

2. Significant accounting policies

(a) Inventories

The inventories, which consist of materials for the boutiques and publications, are valued at the lower of cost and net realizable value.

(b) Collection

The artifact collection forms the largest part of the assets of the Corporation, but it is presented in the balance sheet at a nominal value of $1,000 given the practical difficulties of determining a meaningful value for these assets.

Objects purchased for the collection of the Corporation are, in the year of acquisition, recorded as an expense or accounted for in the Trust account depending on the source of funds. Objects donated to the Corporation are not recorded in the books of accounts.

(c) Property and equipment

Property and equipment were transferred to the Corporation on July 1, 1990 at the book value, on that date, in the books of the National Museums of Canada. The counterpart has been credited to the Equity of Canada. Property and equipment acquired since July 1, 1990 are valued at cost.

Amortization is calculated on the straight-line method, commencing in the year the goods are received as follows:

Leasehold improvements	10 years
Office furniture and equipment	8 years
Technical and informatics equipment	5 and 8 years
Motor vehicles	5 years

Since the buildings are not owned by the Corporation, no amortization is taken.

(d) Pension plan

Employees of the Corporation participate in the Public Service Superannuation plan, administered by the Government of Canada. The Corporation matches these contributions equally for each employee for the year in which services are rendered. These contributions are expended during the year in which services are rendered and represent the total obligation of the Corporation for employee pension plan. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(e) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Parliamentary appropriation

The parliamentary appropriation for operating and capital expenditures is recorded in the year to which it applies, and is credited to the equity of Canada.

3. Accounts receivable

	1992	1991
	(in thousands of dollars)	
Recoveries of goods and services tax	573	334
Trade accounts	344	76
Recoveries of salaries from government departments	63	373
Other	172	57
	1,152	840

4. Trust accounts

Trust accounts were created to facilitate the management of funds donated by or received from individuals and corporate entities.

On March 31, 1991, the balance of the accounts had increased to $1,483,249. For the period ending March 31, 1992 an additional $704,717 was received and expenditures amounted to $332,693 for a closing balance at March 31, 1992 of $1,885,273.

5. Property and equipment

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Leasehold improvements	7,228	1,510	5,718	5,774
Office furniture and equipment	4,793	1,640	3,153	2,336
Technical equipment	6,150	3,317	2,833	3,261
Informatics equipment	4,061	2,439	1,622	1,231
Motor vehicles	147	41	106	91
	22,379	8,947	13,432	12,693

CANADIAN MUSEUM OF CIVILIZATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

6. Accounts payable and accrued liabilities

	1992	1991
	(in thousands of dollars)	
Trade accounts payable	5,941	6,020
Accrued salaries and vacation pay	2,016	1,776
Government departments and agencies	587	1,336
	8,544	9,132

7. Equity of Canada

The equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the net results of the operations of the Corporation since that date. However, it does not reflect the value of land and buildings occupied by the Corporation as they are presently provided without charge and owned by the Government of Canada (see Notes 2(c) and 8). The artifact collection is included at a nominal value of $1,000 (see Note 2(b)).

8. Related party transactions

The building space occupied by the Corporation is supplied without charge by the Department of Public Works. The Corporation also receives, without charge, accounting and auditing services from different government departments and agencies. These services provided without charge are not recorded in the financial statements.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

9. Comparative figures

Certain comparative figures have been reclassified to conform with the representation adopted in the current year.

CANADIAN MUSEUM OF NATURE

MANAGEMENT RESPONSIBILITIES

The Board of Trustees, which is responsible for, among other things, the financial statements of the corporation, delegates to management the responsibility for the preparation of the financial statements and the annual report. Responsibility for their review is that of the Audit and Finance Committee. The financial statements were prepared by management in accordance with generally accepted accounting principles and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Trustees of the corporation on the recommendation of the Audit and Finance Committee. Other financial and operating information appearing in this annual report is consistent with that contained in the financial statements.

Management maintains books and records, financial and management control and information systems and management practices in such a manner as to provide reasonable assurance that: reliable and accurate information is produced on a timely basis; assets are safeguarded and controlled; transactions are in accordance with Part X of the Financial Administration Act and its regulations as well as the Museums Act and by-laws of the corporation; resources are managed economically and efficiently, and that the operations of the corporation are carried out effectively.

The Auditor General of Canada conducts an independent audit of the financial statements of the corporation in accordance with generally accepted auditing standards.

The Board of Trustees of the corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through its Audit and Finance Committee, which is composed of three trustees, none of whom are employees of the corporation. The Audit and Finance Committee discharges the responsibilities conferred upon it by the Board of Trustees, and meets on a regular basis with management, and the Auditor General of Canada, who has unrestricted access to the Committee.

Alan R. Emery
Director

Colin C. Eades
Comptroller

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Nature as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding period.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and the by-laws of the corporation. However, I wish to draw your attention that, as disclosed in Note 6 to the financial statements, the corporation has overexpended its parliamentary appropriation for the year by $964,000. This is not in accordance with subsection 32(1) of Part III of the Financial Administration Act to which the corporation is subject.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1992

CANADIAN MUSEUM OF NATURE—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and deposit with the Receiver General for Canada	3,336	2,083
Accounts receivable		
Others	162	99
Government departments and agencies	134	148
Inventories	387	346
	4,019	2,676
Trust account (Note 3)	1,285	745
Collections	1	1
Capital assets (Note 4)	2,916	2,338
	8,221	5,760

LIABILITIES AND EQUITY OF CANADA	1992	1991
Current		
Accounts payable and accrued liabilities		
Others	3,334	2,293
Government departments and agencies	742	610
Due to Canada (Note 6)	964	
Current portion of provision for employee termination benefits	265	215
	5,305	3,118
Provision for employee termination benefits	1,176	1,132
Trust account (Note 3)	1,285	745
	7,766	4,995
EQUITY OF CANADA		
Equity of Canada	455	765
	8,221	5,760

Approved by the Board of Trustees:

NORMAN E. WAGNER
Chairman

Approved by Management:

ALAN R. EMERY
Director

COLIN C. EADES
Comptroller

CANADIAN MUSEUM OF NATURE—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

		1992 12 months		1991 9 months
Expenses				
Personnel costs		14,093		10,006
Professional and special services		2,920		1,622
Materials and supplies		999		873
Amortization		983		557
Travel		656		377
Rentals of equipment		547		108
Communications		420		375
Marketing and advertising		338		92
Freight and cartage		288		131
Repairs and maintenance		201		196
Exhibit design and fabrication		165		17
Acquisitions of objects for collections		93		55
Other		5		194
Bad debts (recovery)		(129)		139
Total expenses		21,579		14,742
Revenues				
Commercial operations				
Publishing and boutique	519		226	
Cost of goods sold	317		112	
Gross profit		202		114
Admission fees		582		156
Parking		211		179
Rentals of facilities		137		135
		1,132		584
Scientific services		530		109
Education programmes		234		60
Other		171		194
Total revenues		2,067		947
Net cost of operations		19,512		13,795

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992 12 months	1991 9 months
Balance at the beginning of the period	765	210
Parliamentary appropriation (Note 6)	19,202	13,560
Transfer from Trust account		790
Net cost of operations	(19,512)	(13,795)
Balance at the end of the period	455	765

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992 12 months	1991 9 months
Operating activities		
Net cost of operations	(19,512)	(13,795)
Items not affecting funds		
Amortization	983	557
Change in long-term provision for employee termination benefits	44	52
Net change in non-cash working capital	2,097	(100)
Funds applied to operating activities	(16,388)	(13,286)
Investing activities		
Addition to capital assets	(1,561)	(1,041)
Financing activities		
Parliamentary appropriation	19,202	13,560
Transfer from Trust account		790
Funds provided by financing activities	19,202	14,350
Increase in cash and deposit with Receiver General for Canada	1,253	23
Cash and deposit at the beginning of the period	2,083	2,060
Cash and deposit at the end of the period	3,336	2,083

CANADIAN MUSEUM OF NATURE—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and mission

The Canadian Museum of Nature was established by the Museums Act on July 1st, 1990 and is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The corporation's mission is to increase, throughout Canada and internationally, interest in, knowledge of and appreciation and respect for the natural world by establishing, maintaining and developing for research and posterity a collection of natural history objects, with special but not exclusive reference to Canada, and by demonstrating the natural world, the knowledge derived from it and the understanding it represents.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles and reflect the following policies:

(a) Inventories

Inventories of publications and boutique are valued at the lower of cost and net realizable value, cost being determined by the specific item method.

(b) Capital assets

Capital assets acquisitions are recorded at cost. Amortization is calculated on the straight-line basis based on the estimated useful lives of the assets as follows:

Office equipment	5 to 12 years
Other equipment and furnishings	5 to 10 years
Leasehold improvements	5 and 10 years

Material and equipment acquired for the purpose of the design, development and maintenance of exhibits are charged to operations in the year of acquisition.

(c) Collections

Collections constitute the major part of the corporation's assets, but are shown at the nominal value of $1,000 on the balance sheet. Valuation of collections would be neither practical nor economical and their uniqueness prevents the establishment of a fair value.

Objects purchased for the collections are recorded as expenses in the year of acquisition or charged to the Trust account, where Trust account terms explicitely permit purchases of objects for the collections. Objects donated to the corporation are not recorded in the books of accounts.

(d) Pension plan

The corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made by both employees and the corporation on an equal basis. These contributions represent the total pension obligations of the corporation and are recognized in the accounts on a current basis.

The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(e) Employee termination benefits

Employees of the corporation are entitled to specified benefits on termination as provided under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(f) Donated services

The corporation does not record in the financial statements the value of the following services it receives without charges:

- building space occupied by the corporation provided by Public Works Canada; buildings are either owned and maintained by Public Works or leased/rented for the corporation's benefit;
- cheque issue and accounting services from Supply and Services Canada;
- auditing services from the Office of the Auditor General;
- volunteer and other services donated by individuals and corporate entities.

(g) Parliamentary appropriation

A parliamentary appropriation funds the net operating expenditures and finances the acquisition of capital assets. The parliamentary appropriation is credited to the equity of Canada in the year to which it applies.

3. Trust account

A Trust account is established within the Consolidated Revenue Fund. This account permits the corporation to manage funds donated by and/or received from individuals and corporate entities for the purpose for which funds were donated or received. Funds deposited in this account earn interest. Transactions are accounted for on a cash basis and are not included in the statement of operations.

	1992 12 months	1991 9 months
	(in thousand of dollars)	
Receipts		
Gifts and bequests	632	1,036
Interest	70	44
	702	1,080
Disbursements	162	844
Excess of receipts over disbursements	540	236
Balance at the beginning of the period	745	509
Balance at the end of the period	1,285	745

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Office equipment	2,237	1,332	905	956
Other equipment and furnishings	3,134	1,902	1,232	1,177
Leasehold improvements	953	174	779	205
	6,324	3,408	2,916	2,338

CANADIAN MUSEUM OF NATURE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

5. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

6. Parliamentary appropriation

	1992 12 months	1991 9 months
	(in thousands of dollars)	
Department of Communications —Vote 55 (Vote 47c in 1991)	19,202	14,565
Deferred from previous year		95
	19,202	14,660
Amount overexpended (due to Canada)	964	
Amount lapsed		1,100
Amount used	20,166	13,560

The amount overexpended of $964,000 will be compensated by a freeze to the parliamentary appropriation (Vote 60) for the fiscal year 1992-93.

7. Commitments

As at March 31, 1992, the corporation had outstanding commitments which amounted to $952,016 mainly in respect of security services and exhibit contracts.

CANADIAN NATIONAL RAILWAY SYSTEM

MANAGEMENT REPORT

The accompanying consolidated financial statements of Canadian National Railway System and all information in this annual report are the responsibility of management and have been approved by the board of directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. These statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of the Company, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls and supports an extensive program of internal audits. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded.

The board of directors carries out its responsibility for the financial statements in this report principally through its audit committee, consisting solely of outside directors. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval by the board of directors. Also, the audit committee meets regularly with the Vice-President Internal Audit and with the Shareholder's Auditors, appointed by the Government of Canada.

These consolidated financial statements have been examined by the Shareholder's Auditors, Deloitte & Touche and Raymond, Chabot, Martin, Paré, whose report is presented below.

Yvon H. Masse
Senior Vice-President and Chief Financial Officer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheets of Canadian National Railway System as at December 31, 1991 and 1990 and the consolidated statements of income, retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1991. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the System as at December 31, 1991 and 1990 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1991 in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants
(For the years ended December 31, 1991, 1990 and 1989)

Raymond, Chabot, Martin, Paré
Chartered Accountants
(For the years ended December 31, 1991 and 1990)

Montreal, Canada
March 10, 1992

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED BALANCE SHEET DECEMBER 31
(in thousands of dollars)

ASSETS	1991	1990
Current		
Accounts receivable	479,745	449,598
Material and supplies	240,033	260,032
Other	252,815	280,094
	972,593	989,724
Investments	141,469	135,772
Properties	5,752,946	5,809,887
Other assets and deferred charges	97,699	92,885
	6,964,707	7,028,268

LIABILITIES		1991		1990
Current				
Bank indebtedness		29,165		114,050
Accounts payable and accrued charges		854,019		826,974
Current portion of long-term debt		281,967		103,055
Other		227,963		263,172
		1,393,114		1,307,251
Other liabilities and deferred credits		408,512		380,811
Deferred income taxes		25,654		33,823
Long-term debt		1,601,697		1,756,395
Minority interest in subsidiary companies		4,345		4,345
SHAREHOLDER'S EQUITY				
Capital stock	2,278,867		2,278,867	
Retained earnings	1,252,518	3,531,385	1,266,776	3,545,643
		6,964,707		7,028,268

See accompanying notes to consolidated financial statements.

On behalf of the Board:

BRIAN R.D. SMITH
Director

RONALD E. LAWLESS
Director

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990	1989
CN Rail			
Revenues	3,489,444	3,398,175	3,528,331
Expenses	3,508,545	3,498,337	3,403,307
Income (loss)	(19,101)	(100,162)	125,024
Grand Trunk Corporation			
Revenues	376,542	431,147	461,312
Expenses	431,964	441,729	447,625
Income (loss)	(55,422)	(10,582)	13,687
Enterprises group			
CN Real Estate			
Revenues	77,449	130,047	101,827
Expenses	52,990	46,812	34,786
Other income	5,693	12,435	25,949
Income	30,152	95,670	92,990
Other			
Income	10,080	12,250	17,273
Total Enterprises group	40,232	107,920	110,263
Income (loss) from continuing operations before income taxes	(34,291)	(2,824)	248,974
Income taxes	(3,118)	(4,196)	48,669
Net income (loss) from continuing operations	(31,173)	1,372	200,305
Discontinued operations			
CN Exploration results of operations net of applicable income taxes of $1,066 (1990—$2,126, 1989—$2,362)	2,676	6,362	5,446
Reversal of provisions for disposal costs of previously discontinued operations net of applicable income taxes of $9,560	14,239		
Net income (loss)	(14,258)	7,734	205,751

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990	1989
Balance, beginning of year	1,266,776	1,260,589	1,095,988
Net income (loss)	(14,258)	7,734	205,751
Dividend		(1,547)	(41,150)
Balance, end of year	1,252,518	1,266,776	1,260,589

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990	1989
Operating activities			
Net income (loss) from continuing operations	(31,173)	1,372	200,305
Non-cash charges to income			
Depreciation and amortization	269,025	260,910	256,628
Income of equity investees less dividends	(17,232)	(14,634)	(29,255)
Deferred income taxes (recovery)	(18,795)	(12,873)	42,208
Changes in current assets and liabilities			
Accounts receivable	(30,147)	(17,643)	(15,810)
Material and supplies	19,999	(8,876)	(32,004)
Other current assets	27,279	(9,521)	3,563
Accounts payable and accrued charges	27,045	(23,303)	44,108
Other current liabilities	(35,209)	8,613	34,878
Other	47,295	(44,008)	(55,323)
Cash from continuing operations	258,087	140,037	449,298
Cash from discontinued operations	13,012	17,022	15,946
	271,099	157,059	465,244
Investing activities			
Additions to properties	(239,040)	(327,175)	(370,960)
Net proceeds from disposal of properties	18,049	61,916	62,560
Investments in unconsolidated affiliates	(7,815)	(24,472)	(23,204)
Advances from unconsolidated affiliates	14,097	17,513	21,323
Repayment of advances by unconsolidated affiliates	3,359	1,194	1,538
	(211,350)	(271,024)	(308,743)
Dividend paid to shareholder		(56,533)	
Cash provided (used) before financing activities	59,749	(170,498)	156,501
Financing activities			
Issuance of long-term debt	155,144	10,396	14,381
Reduction of long-term debt	(130,008)	(82,672)	(78,344)
	25,136	(72,276)	(63,963)
Net increase (decrease) in cash	84,885	(242,774)	92,538
Cash (bank indebtedness), beginning of year	(114,050)	128,724	36,186
Net cash (bank indebtedness), end of year	(29,165)	(114,050)	128,724

See accompanying notes to consolidated financial statements.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Introduction

All references in these Notes to the "Company" refer to Canadian National Railway Company which is wholly-owned by the Government of Canada and, unless the context otherwise requires, its consolidated subsidiaries, and all references to the "System" mean Canadian National Railway Company and its consolidated subsidiaries together with the lines of railway and other property entrusted by the Government of Canada to the Company for management and operation.

(a) Principles of consolidation

The consolidated financial statements include the accounts of all significant subsidiaries and, consistent with the legislation governing the System, the accounts of the Canadian Government Railways entrusted to the Company by the Government of Canada.

Investments in entities in which the Company has less than a majority interest are accounted for by the equity method, where appropriate.

(b) Reporting by division

In presenting the results by division, interdivisional charges for services have not been eliminated. Consolidated net income is not affected by this practice.

(c) Material and supplies

The inventory is valued at laid down cost based on weighted average cost for ties and rails, latest invoice price for fuel and new materials in stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

(d) Properties

Accounting for railway properties is carried out in accordance with rules issued by the National Transportation Agency of Canada (Canadian properties) and the Interstate Commerce Commission (United States properties). Generally, major additions and replacements are capitalized and interest costs are charged to expense.

The cost of depreciable railway assets retired or disposed of, less salvage, is charged to accumulated depreciation, in accordance with the group plan of depreciation. Other depreciable assets retired or disposed of are accounted for in accordance with the unit plan whereby gains or losses are taken into income as they occur.

The Company follows the successful efforts method of accounting for its oil and gas operations whereby the acquisition costs of oil and gas properties, the costs of successful exploratory wells and the costs of drilling and equipping development wells are capitalized.

CN Real Estate's properties are stated at cost. Carrying costs of properties under development are capitalized. Such costs include real estate taxes, insurance, interest and other expenses directly related to the development activity.

(e) Depreciation

Depreciation is calculated on a straight-line basis at rates sufficient to allocate the cost of properties over their estimated useful lives. For railway properties, depreciation rates are authorized by the National Transportation Agency of Canada and the Interstate Commerce Commission. The rates for significant classes of assets are as follows:

	Annual Rate
Ties	2.71%-2.73%
Rails	1.93%
Other track material	2.23%-2.83%
Ballast	3.27%
Road locomotives	4.30%
Freight cars	0.63%-3.15%

Acquisition costs of oil and gas properties are amortized on a straight-line basis over the term of the lease until such time as the properties are determined to be productive or judged to be impaired. Acquisition costs of productive properties and costs of successful exploratory drilling and of drilling and equipping development wells are charged against income on the unit-of-production method based upon proven reserves of oil and gas. Exploratory dry hole and acquisition costs judged to be impaired are charged against income in the current period. Other exploratory expenditures are charged against income as incurred.

CN Real Estate assets are depreciated using the straight-line method calculated over the estimated economic life of the asset.

(f) Revenues

Transportation: Revenues are generally recognized on completion of movements, with interline movements being treated as complete when the shipment is turned over to the connecting carrier. Costs associated with movements not completed are deferred.

Real estate: Rental revenues are recognized as earned. Revenues from disposition of properties are recognized on completion of the sale. The share of income from joint ventures is recognized on an equity basis and reported as Other income.

(g) Pensions

Pension costs are determined periodically by independent actuaries. Pension expense is charged annually to operations and comprises the total of the following:

— the cost of pension benefits provided in exchange for employees' services rendered during the year, and

— amortization of past service costs over the expected average remaining service life of the employee group covered by the plans.

The pension plans are funded through contributions determined in accordance with the accrued benefit actuarial cost method.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(h) Foreign exchange

The Company's foreign operations are classified as integrated and are translated and accounted for on the following bases. Current assets (excluding material and supplies), current liabilities and long-term debt are translated at the rates in effect at the balance sheet date, whereas all other assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates during the year except for depreciation which is translated at exchange rates prevailing when the related properties were acquired.

The Company's own foreign denominated assets and liabilities are accorded similar treatment. Revenues and expenses are translated at rates prevailing at the time of the transactions except for revenues designated as a hedge against repayment of foreign denominated long-term debt which are translated at the rate in effect at the inception of the debt.

Currency gains and losses are reflected in net income for the year, except for unrealized foreign currency losses on long-term debt. The Company has designated future U.S. dollar revenue streams as a hedge against the repayment of most of its long-term debt denominated in U.S. dollars, and has thus deferred reflecting the related unrealized foreign currency translation losses in net income until the earlier of the debt repayment or the expiry of the hedge. Unrealized foreign currency losses related to long-term debt denominated in U.S. dollars not covered by the hedge are deferred and amortized over the remaining life of the debt. Such deferred amounts are included in the Consolidated Balance Sheet as part of Other Assets and Deferred Charges.

(i) Leases

Leases which satisfy the criteria for capital leases and which have been entered into after 1981 have been capitalized. Other leases entered into prior to 1982, satisfying the criteria for capital leases, have been recorded as operating leases.

2. Discontinued operations

(a) Subsequent to the year end the Company commenced implementation of a plan to dispose of the assets of CN Exploration. This decision was made pursuant to the Minister of Finance of Canada's 1991 Budget announcement of the Government's intention to privatize CN Exploration with the proceeds from the sale being remitted to the Government. Accordingly, CN Exploration's results have been reclassified as discontinued operations.

(b) Income from discontinued operations includes amounts totalling $23.8 million less income taxes of $9.6 million representing reversals of portions of estimated disposition costs of certain operations discontinued in prior years. The actual costs incurred proved to be less than the amounts initially estimated.

3. Investments

	Percentage of Voting Interest	December 31 1991	December 31 1990
		(in thousands of dollars)	
Entities accounted for by equity method			
CNCP Niagara-Detroit Partnership	50%	19,305	18,646
The Toronto Terminals Railway Company	50%	11,260	10,682
Other		55,288	50,828
		85,853	80,156
Other investments at cost less provisions for impairment where applicable		55,616	55,616
Total		141,469	135,772

4. Properties

	December 31, 1991 Cost	Accumulated depreciation	Net	December 31, 1990 Cost	Accumulated depreciation	Net
	(in thousands of dollars)					
CN Rail	8,593,434	3,486,518	5,106,916	8,488,536	3,317,177	5,171,359
Grand Trunk Corporation	527,107	152,807	374,300	526,394	145,682	380,712
Enterprises group						
CN Real Estate	175,612	24,952	150,660	161,983	22,736	139,247
Other	75,685	20,693	54,992	75,737	20,692	55,045
Discontinued operations						
CN Exploration	136,913	70,835	66,078	125,328	61,804	63,524
	9,508,751	3,755,805	5,752,946	9,377,978	3,568,091	5,809,887
Amounts included above with respect to Canadian Government Railways entrusted to the Company by the Government of Canada	1,066,050	610,318	455,732	1,043,036	579,815	463,221

At December 31, 1991 the gross value of assets under capital leases included above was $102.6 million (1990—$97.4 million) and related accumulated amortization thereon amounted to $23 million (1990—$18.9 million).

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

5. Long-term debt

	Maturity	Currency in which payable	December 31 1991	1990
			(in thousands of dollars)	
Bonds, Debentures and Notes				
Canadian National 11 3/8% 8 Year Notes	June 11, 1993	Canadian	100,000	100,000
Canadian National 9 7/8% 8 Year Notes	Mar. 18, 1994	Canadian	100,000	100,000
Canadian National 12 1/2% 10 Year Notes	Apr. 15, 1995	Canadian	100,000	100,000
Canadian National 6 1/2% 10 Year Japanese Yen Notes (a)	Mar. 26, 1996	Canadian	70,000	70,000
Canadian National 9 3/8% 10 Year Notes	Oct. 1, 1996	Canadian	100,000	100,000
Canadian National 9 1/4% 20 Year Sinking Fund Debentures	Mar. 15, 1998	United States	35,609	44,511
Canadian National 10% 7 Year Notes	Oct. 23, 1998	Canadian	150,000	
Canadian National 5 3/8% 15 Year Swiss Franc Bonds (b)	Aug. 22, 2000	Canadian	98,617	98,617
Canadian National 8 7/8% 15 Year Notes	May 21, 2001	Canadian	150,000	150,000
Canadian National 8 3/8% 25 Year Sinking Fund Debentures	July 1, 2002	United States	58,264	63,561
Canadian National 9.70% 25 Year Sinking Fund Debentures	July 15, 2004	United States	130,622	152,781
Canadian National 13% 20 Year Sinking Fund Debentures	Nov. 15, 2004	Canadian	83,660	86,928
Canadian National 12 1/4% 20 Year Sinking Fund Debentures	May 1, 2005	Canadian	120,833	125,000
Canadian National 14% 25 Year Sinking Fund Debentures	Jan. 15, 2006	United States	54,506	84,158
Canadian National 15% 25 Year Sinking Fund Debentures	June 1, 2006	United States	28,696	77,230
Canadian National 16 1/4% 25 Year Sinking Fund Debentures	Mar. 1, 2007	United States	41,291	55,695
Canadian National 14 3/4% 30 Year Sinking Fund Debentures	Sept. 1, 2012	United States	55,722	55,722
Canadian National 12% 30 Year Sinking Fund Debentures	Mar. 15, 2013	United States	122,548	122,548
Buffalo and Lake Huron 5 1/2% 1st Mortgage Bonds	Perpetual	Sterling	795	795
Buffalo and Lake Huron 5 1/2% 2nd Mortgage Bonds	Perpetual	Sterling	1,228	1,228
Total bonds, debentures and notes			1,602,391	1,588,774
Government of Canada loan (c)			132,981	147,634
Other				
Amounts owing under equipment purchase agreements (d)		Various	76,477	93,120
Syndicated loan (e)		Canadian	42,610	42,610
Capital lease obligations (f)		Various	89,013	88,449
Adjustment to current exchange rate (see Note 1 (h))			(16,446)	(14,532)
Total other			191,654	209,647
			1,927,026	1,946,055
Less: in-substance defeasance (g)			38,507	74,091
Current portion of long-term debt			281,967	103,055
Unamortized discount and other			4,855	12,514
			325,329	189,660
Long-term debt			1,601,697	1,756,395

(a) The Company borrowed \$70.0 million at an all-inclusive cost of 10.25% by means of a Euro-yen public note issue and a currency swap.

(b) The Company borrowed \$98.6 million at an all-inclusive cost of 11.17% by means of a public bond issue in Switzerland and a currency swap.

(c) The Government of Canada loan bears interest at 8 3/4% per annum and is payable in equal semi-annual instalments of \$13.63 million covering principal and interest to June 30, 1998.

(d) Secured by rolling stock and payable by semi-annual or quarterly instalments over various periods to 2001 at interest rates ranging from 8 1/2% to 11 1/2%. As at December 31, 1991, the principal amounts are payable as U.S. \$41.8 million and Canadian \$22.2 million (December 31, 1990—U.S. \$57.2 million, Canadian \$22.7 million).

(e) The Company borrowed \$42.6 million at an all-inclusive cost of 11.535% by means of a yen syndicated loan and currency swap.

(f) Interest rates for these leases range from approximately 9% to 14 1/2% with expiry dates occurring during the years 1992 through 2004. The imputed interest on these leases amounts to \$44.6 million (1990—\$73.9 million).

(g) Certain of the Company's long-term debt is considered to be extinguished as a result of the Company's having placed in irrevocable trusts, government securities sufficient to satisfy the interest and maturing principal requirements of the specific debt obligations involved.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(h) Principal repayments, including sinking fund repayments, repurchase arrangements and capital lease repayments, on debt outstanding at December 31, 1991, are as follows:

Year ending December 31	(in thousands of dollars)
1992	281,967
1993	175,086
1994	188,920
1995	75,147
1996	241,461
1997-2001	681,150
2002-2006	190,104
2007-2011	25,999
2012-2016	16,755

6. Shareholder's Equity

(a) Capital stock

The capital stock of Canadian National Railway Company, $2,278,866,774, consists of 5,868,786 common shares of no par value authorized, issued and outstanding which are owned by the Government of Canada.

(b) Retained earnings

Under its governing legislation, the Company is required to pay to the Receiver General for Canada a dividend equal to 20% of net income for the year or such greater percentage as the Governor in Council may direct. Dividends for each of the years 1989 and 1990 have been accrued and are included in Other Current Liabilities.

7. Major commitments and contingencies

(a) Leases

(i) The Company's commitments as at December 31, 1991, under leases, excluding those which have been capitalized and for which the lease obligations are recorded as long-term debt (see Note 5), are as follows:

Non-cancellable leases Year ending December 31	Pre-1982 Capital leases	Operating leases
	(in thousands of dollars)	
1992	3,612	130,832
1993	1,361	119,689
1994	998	113,287
1995	998	101,707
1996	895	108,176
1997-2001	2,973	528,167
2002-2006	721	274,664
Thereafter		12,173
Total minimum lease payments	11,558	1,388,695
Less amount representing imputed interest	3,026	
Present value of net minimum lease payments under capital leases	8,532	

A significant portion of the leases is in respect of railway rolling stock and many of them provide renewal options and an option to purchase the property at fair market value at the end of the lease terms.

(ii) Rental expenses under all lease arrangements which have not been capitalized were:

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
Total expenses	148,534	138,584	140,628
Expenses under pre-1982 capital leases included in total expenses	4,951	9,023	22,909

(iii) Increases in income, assets and liabilities in the consolidated financial statements, which would have arisen if leases entered into prior to 1982 and which satisfied the criteria for capital leases had been capitalized, are as follows:

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
Increase in net income	1,104	1,940	4,925
Increase in assets			
Properties			
Leased properties under capital leases	31,107	46,265	98,706
Less accumulated amortization	21,666	34,981	85,363
	9,441	11,284	13,343
Other assets and deferred charges			
Unamortized deferred exchange loss	230	582	977
	9,671	11,866	14,320
Increase in current liabilities			
Present value of obligations under capital leases	2,934	3,761	6,388
Increase in non-current liabilities			
Present value of obligations under capital leases	8,292	11,746	17,760
Adjustment to current exchange rate (see Note 1 (h))	240	561	928
	8,532	12,307	18,688
Less current portion	2,934	3,761	6,388
	5,598	8,546	12,300

(b) Other commitments

The Company has commitments at December 31, 1991, for capital expenditures of $11.5 million for railway ties and $13.7 million for rail.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(c) Contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries, damage to property and environmental matters. While the final outcome with respect to actions outstanding or pending at December 31, 1991 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the System's financial position.

8. Subsidies

Revenues include the following subsidies:

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
Government of Canada			
(a) Payments under the Railway Act paid under authority of that Act and the related Appropriation Act in respect of certain uneconomic operations, services and prescribed rates which railways are required by the Railway Act to maintain	8,065	23,180	32,818
(b) Maritime Freight Rates Act and Atlantic Region Freight Assistance Act subsidies	15,279	14,383	17,381
(c) Sundry			548
	23,344	37,563	50,747

9. Pensions

The Company has retirement benefit plans covering substantially all its employees under which they are entitled to benefits at retirement age generally based on compensation and length of service and/or contributions.

The actuarial valuations as at December 31, 1990, revealed a consolidated actuarial liability of $7.3 billion and a consolidated actuarial asset value of $6.8 billion. It is estimated that those amounts could approximate $7.4 billion and $7.0 billion respectively as at December 31, 1991. Subsequent actuarial valuations will determine the actuarial values at that date.

Annual pension costs were:

Year ended December 31		
1991	1990	1989
(in thousands of dollars)		
114,678	123,402	156,552

10. System interest expense

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
Interest on long-term debt	196,706	207,387	214,272
Interest on short-term borrowings	12,709	4,348	217
Interest income	(1,060)	(4,306)	(15,332)
	208,355	207,429	199,157

11. Income taxes

(a) The Company's provision for income taxes on continuing operations is made up as follows:

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
Provision for (recovery of) income taxes on income from continuing operations based on combined basic Canadian federal and provincial tax rate for 1991 of 41.0% (1990 and 1989—40.8%)	(14,063)	(1,153)	101,681
Increase (decrease) in taxes resulting from			
Non-allowable foreign exchange loss on conditional sale agreements	172	258	414
Profit on sale of land	(6,970)	(14,826)	(22,858)
Federal large corporations tax	14,800	7,400	4,000
Other	2,943	4,125	4,642
Application of prior years' losses			(39,210)
Actual provision for (recovery of) income taxes on income from continuing operations	(3,118)	(4,196)	48,669
Represented by:			
Current	15,677	8,677	6,461
Deferred	(18,795)	(12,873)	42,208
	(3,118)	(4,196)	48,669

Deferred income taxes result primarily from the difference between capital cost allowance claimed for income tax and depreciation recorded for accounting purposes.

(b) Investment tax credits are also available to reduce future income taxes otherwise payable until the related year of expiry as follows:

Year of expiry	(in millions of dollars)
1993	25.9
1994	33.9
1995	29.7
1996	18.9
1997	14.0
1998	9.0
1999	2.1
2000	1.4

CANADIAN NATIONAL RAILWAY SYSTEM—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Concluded*

12. Segmented information

(a) Geographic areas

Virtually all of the System's operations and assets are within Canada with the exception of Grand Trunk Corporation which operates in the United States.

(b) International traffic

In addition to the revenue generated by Grand Trunk Corporation, the System derives revenue from traffic originating or terminating on railroads in the United States. In 1991, such revenues approximated $629 million (1990—$604 million, 1989—$622 million).

(c) Revenues by division

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
CN Rail	3,489,444	3,398,175	3,528,331
Grand Trunk Corporation	376,542	431,147	461,312
Enterprises group			
CN Real Estate	77,449	130,047	101,827
Other	80,419	79,461	80,301
Discontinued operations			
CN Exploration	33,322	38,962	30,283
	4,057,176	4,077,792	4,202,054

(d) Identifiable assets by division

	Year ended December 31		
	1991	1990	1989
	(in thousands of dollars)		
CN Rail	6,077,560	6,086,633	6,143,025
Grand Trunk Corporation	504,038	557,807	591,993
Enterprises group			
CN Real Estate	224,861	218,502	218,216
Other	86,271	94,291	81,829
Discontinued operations			
CN Exploration	71,977	71,035	70,288
	6,964,707	7,028,268	7,105,351

(e) Capital expenditures and depreciation by division

	Year ended December 31					
	Capital expenditures*			Depreciation		
	1991	1990	1989	1991	1990	1989
	(in thousands of dollars)					
CN Rail	193,965	285,336	293,816	251,296	244,029	239,020
Grand Trunk Corporation	9,927	20,670	18,194	13,965	13,675	14,494
Enterprises group						
CN Real Estate	20,123	6,430	44,487	1,870	1,844	1,419
Other	1,484	2,105	1,161	1,530	1,363	1,696
Discontinued operations						
CN Exploration	13,541	12,634	13,302	9,270	8,534	8,138
	239,040	327,175	370,960	277,931	269,445	264,767

* Represent additions to properties.

13. Other matters

(a) The Company carries on ordinary business transactions with various entities controlled by the Government of Canada on the same terms and conditions as current transactions with unrelated parties.

In addition, the Company provides, under contractual arrangements, rail transportation and maintenance services to the Government of Canada and to entities controlled by the latter. The revenue derived from such services rendered in 1991 aggregated $91.8 million (1990—$102.1 million, 1989—$101.5 million).

(b) Following enactment of the Western Grain Transportation Act, which became effective on January 1, 1984, the Government of Canada, in order to minimize the cost to grain shippers, pays a portion of the cost of shipping grain. Amounts received from the Government of Canada under the Western Grain Transportation Act amounted to $414.3 million in 1991 (1990—$335.3 million, 1989—$332.6 million), a reflection principally of the volume of grain handled.

14. Reclassification of comparative figures

During 1991, changes were made to improve the classification of certain items and for comparative purposes the 1990 and 1989 figures have been reclassified.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canadian National (West Indies) Steamships Ltd. as at December 31, 1991 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 24, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Cash	859	885
Deposit with Receiver General for Canada	95,000	95,000
Term deposit (Note 2)	1,548,466	1,410,643
	1,644,325	1,506,528

LIABILITIES	1991	1990
	$	$
Matured bonds—Unclaimed (Note 3)		14,025
Due to Canada (Note 4)	324,024	324,024
	324,024	338,049
EQUITY OF CANADA		
Capital stock		
Authorized and issued		
10 Class A shares without par value	976	976
Retained earnings	1,319,325	1,167,503
	1,320,301	1,168,479
	1,644,325	1,506,528

Approved by the Board of Directors:

VINCE MALIZIA
Chairman

MARTIN BRENNAN
Director

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Interest income	137,849	136,469
Matured bonds—Unclaimed (Note 3)	14,025	
	151,874	136,469
Expenses		
Filling fees and bank charges	52	68
Legal fees		455
	52	523
Net income for the year	151,822	135,946
Retained earnings at beginning of the year as restated (Note 5)	1,167,503	1,031,557
Retained earnings at end of the year	1,319,325	1,167,503

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991

1. Authority, activities and dissolution

Canadian National (West Indies) Steamships Ltd. (the corporation) was incorporated in 1927 under the Dominion Companies Act and continued under the Canada Business Corporations Act. It is a parent Crown corporation named in Schedule III Part I to the Financial Administration Act.

It ceased all active operations in 1957, at which time it sold its fleet of eight vessels to Cuban interests. The final instalment of $470,400 on the sale of the eight vessels to Cuban interests was due to be paid on August 19, 1963 by an irrevocable letter of credit issued through Bank of America International (then known as Bank of America). However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective and prohibited the Bank from honouring payment of the draft. Amendments to the Regulations, effective March 2, 1979 required blocked funds to be held in an interest-bearing account.

On September 25, 1991, Bank of America Canada, Bank of America International and the Deputy Attorney General of Canada representing the corporation entered into an agreement. Bank of America International assigned all rights, title and interest in a Bank of America Canada term deposit in the amount of $1,441,536 which matured on March 20, 1992, plus accrued interest thereon, in exchange for a discharge from claims, actions and demands from the corporation.

The corporation intends to discharge its liability to Canada, net of the deposit with the Receiver General of Canada, and subsequently wind up its affairs by surrendering its charter in accordance with the Canada Business Corporations Act pursuant to the Crown Corporations Dissolution Authorization Act, at which time final financial statements will be prepared.

The Board of Directors, at its meeting of February 21, 1992, declared a dividend of $1,345,000 payable to the Minister of Finance on behalf of Canada as of March 23, 1992.

2. Term deposit

The total of $1,548,466 at December 31, 1991 includes interest of $1,078,066 (1990—$940,243) earned on the $470,400 of blocked funds.

3. Matured bonds—Unclaimed

The matured bonds have been unclaimed since March 1, 1955 and as a result of the statute of limitations there is no legal obligation to redeem them. Until 1990, the unclaimed matured bonds were accounted for as a liability since the corporation intends to honour any of the outstanding bonds should they be presented. Because the corporation will be dissolved shortly, management does not believe that the mature bonds will be presented and has consequently taken them into income.

4. Due to Canada

The advances from Canada bear no interest and are repayable when the term deposit is received.

5. Prior period adjustment

Since 1984, the Bank of America International has withheld 15% of interest earned on blocked funds as a tax on non-resident earnings. Because it was the opinion of management that the corporation had a tax exempt status and it was unclear as to which government (U.S. or Canadian) had received the withholding taxes, the amounts withheld and accrued interest thereon had been recorded each year in the financial statements as an asset and as income.

Through the negotiation of the agreement between the corporation and Bank of America International, described in Note 1, it was determined that the taxes were Canadian withholding taxes that had been paid to the Department of National Revenue. Because the corporation is wholly owned by the Crown and since the Crown has received the withholding taxes, no effort will be made by the corporation to recover these funds.

Consequently, the 1990 financial statements have been restated to reflect the fact that the corporation does not intend to recover the withholding taxes and accrued interest. The term deposit and the retained earnings have been reduced by $162,363 to remove the cumulative accrued interest foregone and withholding taxes. Of the above amount, $39,578 is applicable to 1990 and has been charged to income for that year. The remaining $122,785 is applicable to years prior to January 1, 1990 and the balance of retained earnings at that date has been adjusted accordingly.

6. Related party transactions

The only related party transactions not otherwise disclosed in these financial statements are administrative services provided without charge by the Department of Transport and legal services provided without charge by the Department of Justice.

CANADIAN PATENTS AND DEVELOPMENT LIMITED

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1992
WERE NOT AVAILABLE AT DATE OF PRINTING

CANADIAN SALTFISH CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Canadian Saltfish Corporation as at March 31, 1992 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Saltfish Act and the by-laws of the Corporation, except for the provision of a loan described in Note 4 which is not within the powers of the Corporation under the Saltfish Act.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 15, 1992
(except for Note 10 for which the date is June 18, 1992)

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	371,594	837,129
Accounts receivable		
Trade	2,725,580	2,515,021
Other	510,287	1,038,377
Advances to producers	47,802	
Inventories (Note 3)	341,330	768,784
Loan receivable (Note 4)	200,000	1,102,339
	4,196,593	6,261,650
Capital assets (Note 5)	1,050,153	2,169,833
	5,246,746	8,431,483

LIABILITIES	1992	1991
	$	$
Current		
Working capital loans from Canada (Note 6)	32,000,000	30,500,000
Accounts payable and accrued liabilities	1,247,764	1,643,606
Capital asset loan from Canada (Note 6)	800,000	900,000
Current portion of accrued employee termination benefits		738,225
	34,047,764	33,781,831
Long-term		
Accrued employee termination benefits	242,620	215,382
	34,290,384	33,997,213
DEFICIT OF CANADA		
Deficit	(29,043,638)	(25,565,730)
	5,246,746	8,431,483

Approved by the Board:

J. BARNES
Director

D.A. Vardy
Director

CANADIAN SALTFISH CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operations		
Sales (Note 1)	2,229,841	37,647,993
Less: freight and insurance	34,146	1,843,349
	2,195,695	35,804,644
Cost of goods sold	2,420,804	35,129,473
Amortization of production assets	230,557	340,825
	2,651,361	35,470,298
Gross profit (loss) on sales	(455,666)	334,346
Commission income (Note 1)	558,271	
Interest income	255,371	408,251
	813,642	408,251
Gross profit on operations	357,976	742,597
Expenses		
Interest	2,731,955	4,517,783
Administrative	628,042	1,438,483
Selling	352,085	856,050
Amortization of administrative assets	140,983	101,089
Bad debt recoveries (Note 7)	(139,212)	(409,339)
	3,713,853	6,504,066
Net loss on operations	3,355,877	5,761,469
Other expenses and revenues (net) (Schedule)	122,031	116,075
Net loss for the year	3,477,908	5,877,544

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	25,565,730	34,688,186
Ex-gratia payment from Canada		(15,000,000)
Net loss for the year	3,477,908	5,877,544
Balance at end of the year	29,043,638	25,565,730

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Funds were provided by (used for)		
Financing activities		
Increase in (repayment of) working capital loans from Canada	1,500,000	(12,500,000)
Repayment of capital asset loan from Canada	(100,000)	(100,000)
Ex-gratia payment from Canada		15,000,000
	1,400,000	2,400,000
Operating activities		
Net loss for the year	(3,477,908)	(5,877,544)
Adjustments for non-cash items		
Bad debts	333,265	833,968
Amortization	371,540	441,914
Writedown of capital assets	443,628	14,706
Gain on sale of capital assets	(435,745)	(27,509)
Employee termination benefit expense	42,492	584,280
	(2,722,728)	(4,030,185)
Decrease (increase) in trade receivables	(210,559)	2,072,703
Decrease in loans, other receivables and advances to producers	1,049,362	1,712,133
Decrease in inventories	427,454	3,070,576
Decrease in accounts payable	(395,842)	(4,686,222)
Employee termination benefit payments	(753,479)	(286,964)
	(2,605,792)	(2,147,959)
Investing activities		
Proceeds from disposal of capital assets	741,041	30,802
Purchase of capital assets	(784)	(150,218)
	740,257	(119,416)
Net funds (used) provided	(465,535)	132,625
Cash at beginning of the year	837,129	704,504
Cash at end of the year	371,594	837,129

CANADIAN SALTFISH CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority, objectives and operations of the Corporation

The Canadian Saltfish Corporation was established by the Saltfish Act in 1970, to improve the earnings of the primary producers of cured codfish. The Corporation is an agent Crown corporation of Canada without share capital, named in Part I of Schedule III to the Financial Administration Act and is required to conduct its operations on a self-sustaining financial basis. The Corporation is dependent on the Government of Canada for working capital and capital asset loans and is not subject to income taxes.

Through agreements between the Government of Canada and the Provinces of Newfoundland and Quebec, the Corporation has the exclusive right to trade in and market cured codfish and its by-products in the Province of Newfoundland and the lower north shore of Quebec and is required to buy all cured codfish of an acceptable standard of quality offered for sale therein.

During 1991-92, the Corporation cancelled its production contracts with former agents for the production of dried salted cod. In addition, the Corporation relaxed its monopoly rights on the Island of Newfoundland and issued licences for the purchase and/or export of saltfish.

On the Island of Newfoundland, the Corporation now offers marketing services to those Island producers wishing to utilize the sales network of the Corporation. The Corporation receives a commission from those producers on the Island of Newfoundland using this service whereas transactions during 1990-91 resulted in the Corporation acquiring title and reselling inventory acquired from producers on the Island of Newfoundland. Elsewhere, as has been the case in prior years, fish is purchased from fishermen, processed through the Corporation's own facilities or by other producers and subsequently marketed by the Corporation, primarily to foreign countries.

2. Significant accounting policies

Amortization

Amortization is calculated using the straight-line method and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	3 to 10 years
Furniture and fixtures	5 years

Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required from both the employee and the Corporation. Contributions with respect to current services are expensed on a current basis.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

Employee termination benefits

Employees are entitled to specific benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. Any additional termination benefits are expensed in the year when the decision is made to reduce staff levels.

3. Inventories

Inventories are carried at the lower of cost and net realizable value.

	1992	1991
	$	$
Saltfish	6,522	62,685
Packages and supplies	179,592	276,271
Salt	155,216	429,828
	341,330	768,784

4. Loan receivable

This account consists of a loan to a fish producer to acquire and refurbish fishing vessels and to acquire production equipment. The loan was issued prior to April 1, 1990. The repayment terms require the payment of interest at the Bank of Canada rate plus 1%. The loan is secured by a mortgage on one of the vessels.

5. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Assets used in operations				
Land	1,821		1,821	1,821
Buildings	222,077	215,651	6,426	58,894
Equipment	880,463	660,312	220,151	363,138
Furniture and fixtures	458,592	405,107	53,485	264,698
	1,562,953	1,281,070	281,883	688,551
Assets held for resale				
Land	77,274		77,274	77,274
Buildings	1,161,556	687,423	474,133	532,212
Equipment	1,301,311	1,084,448	216,863	871,796
	2,540,141	1,771,871	768,270	1,481,282
	4,103,094	3,052,941	1,050,153	2,169,833

During 1991-92, the Corporation ceased operation of its production facilities on the Island of Newfoundland. These assets and other related assets which are no longer considered necessary for operations are being held for resale and have been valued at the lower of their cost or estimated net realizable value. The 1991 figures have been restated for comparative purposes.

CANADIAN SALTFISH CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

6. Loans from Canada

Working capital loans are interest bearing (based upon current rates as set by the Bank of Canada) and are repayable within one year.

The capital asset loan is repayable in 10 yearly instalments and has an interest rate of 10.94 %. The Corporation intends to repay the outstanding balance in 1992-93; therefore, the loan has been classified as current.

Total loans outstanding from Canada and banks shall not exceed $50 million.

7. Bad debts

During 1991-92, the Corporation recovered $472,477 in excess of the previously estimated net book values of certain receivables. An additional bad debt expense of $333,265 was recognized during the year.

8. Related party transactions

During the year, the Corporation operated a fishermen's service facility at Punchbowl, Labrador on behalf of the Department of Fisheries and Oceans for a nominal annual consideration. Under the terms of the contract, the Corporation is to provide and maintain a fish purchasing and processing station and certain facilities for the fishermen during the regular fishing season (see schedule).

The Corporation also chartered two vessels to the Department of Fisheries and Oceans for a total fee of $234,220.

9. Contractual commitments

The Corporation has entered into long-term lease and vessel charters with the following minimum annual payments:

	$
1992-93	349,850
1993-94	43,181
1994-95 and future years	Nil

10. Significant subsequent event

On June 18, 1992, the Treasury Board recommended that the Governor in Council approve the Corporation's Corporate Plan for the five year period ending March 31, 1997. Subject to Parliamentary approval, the Treasury Board decision provides for the forgiveness of debt from Canada to the extent of the Corporation's deficit as at March 31, 1992. The decision also recommended that no interest be charged on the related debt, beginning on April 1, 1992. The effect of this forgiveness will be reflected in the accounts of the Corporation in the year of Parliamentary approval, which is expected to be during the year ending March 31, 1993.

11. Comparative figures

Certain of the 1991 comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE OF OTHER EXPENSES AND REVENUES
FOR THE YEAR ENDED MARCH 31, 1992 SCHEDULE

	1992	1991
Writedown of capital assets	443,628	14,706
Punchbowl operations (net) (Note 8)	141,348	128,878
Gain on sale of capital assets	(435,745)	(27,509)
Production equipment rentals	(27,200)	
	122,031	116,075

THE CANADIAN WHEAT BOARD

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1992
WERE NOT AVAILABLE AT DATE OF PRINTING

THE CANADIAN WHEAT BOARD—*Continued*

AUDITORS' REPORT

TO THE CANADIAN WHEAT BOARD

We have examined the financial statements of The Canadian Wheat Board set out as Exhibits I to VIII and notes thereto which include the balance sheet as at July 31, 1991, and the statements of operations for the 1990-91 pool accounts for wheat, amber durum wheat, barley and designated barley for the period August 1, 1990, to completion of operations on October 31, 1991, the statement of administrative and general expenses and allocations to operations for the year ended July 31, 1991, the statement of advance payments to producers under the Prairie Grain Advance Payments Act as at July 31, 1991, and the statement of special account transactions for the year ended July 31, 1991. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at July 31, 1991, and the results of its operations and the changes in its financial position for the periods shown, in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

Winnipeg, Canada
March 5, 1992

BALANCE SHEET AS AT JULY 31, 1991
(with prior year figures for comparison)

EXHIBIT I

ASSETS	1991	1990
	$	$
Stocks of grain (Note 1(a))—		
Wheat	762,893,850	624,797,702
Durum	105,680,862	148,783,030
Barley	74,638,137	58,712,133
Designated Barley	38,863,113	16,738,826
	982,075,962	849,031,691
Bills of exchange plus accrued interest (Note 2)	5,449,996,699	4,625,484,239
Accounts receivable (Note 3)		
Amounts due on completed sales	21,944,059	15,234,576
Sundry	29,271,316	20,980,637
Prairie Grain Advance Payments Act	298,075,836	39,135,534
Due from the Government of Canada re: deficit on Pool Account operations		
1990-91 Pool Account—		
Wheat	673,375,352	
Durum	69,612,457	
Barley	956,713	
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation	1,402,929	1,507,216
Covered hopper cars, at cost less depreciation (Note 4)	54,304,899	57,534,605
Office furniture, equipment and automobiles, at cost less depreciation	1,712,264	1,187,661
Deferred and prepaid expenses	1,477,839	1,653,857
	7,584,206,325	5,611,750,016

LIABILITIES	1991	1990
	$	$
Short term borrowings (Note 5)	6,535,992,148	4,507,217,127
Liability to agents for grain purchased from producers (Note 6)	812,274,563	551,700,354
Liability to agents for deferred cash tickets (Note 7)	89,409,515	113,558,903
Accrued expenses and accounts payable (Note 8)	111,383,008	71,990,424
Outstanding adjustment and final payment cheques to producers—		
Wheat	591,422	839,201
Durum	102,099	105,654
Oats	4,406	4,796
Designated Oats	1,117	1,186
Barley	116,136	59,609
Designated Barley	39,051	46,897
Special Account—Net balance of undistributed payment accounts (Note 9)	5,194,441	5,022,637
Provision for final payment expenses (Note 10)	2,373,410	2,211,626
Surpluses resulting from operations		
Pool Account—		
Wheat		203,253,274
Durum		46,643,070
Barley		73,870,510
Designated Barley	26,725,009	35,224,748
	7,584,206,325	5,611,750,016

LORNE F. HEHN
Chief Commissioner

FORREST M. HETLAND
Assistant Chief Commissioner

RICHARD H. KLASSEN
Commissioner

GORDON P. MACHEJ
Commissioner

WILLIAM H. SMITH
Commissioner

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1990-91 POOL ACCOUNT—WHEAT
FOR THE PERIOD AUGUST 1, 1990, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account ended October 19, 1990, for comparison)

EXHIBIT II

	1990-91		1989-90	
	Tonnes	Amount	Tonnes	Amount
		$		$
Wheat acquired				
Purchased from producers at Board initial prices basis in store Thunder Bay or Vancouver	22,196,617	2,991,530,153	16,682,883	2,635,281,090
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	136,093	17,714,860	111,848	19,477,505
Purchased from prior year Pool Account—Wheat	1,854,243	247,571,444	1,607,091	316,768,543
	24,186,953	3,256,816,457	18,401,822	2,971,527,138
Wheat sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill				
Domestic	1,330,097		1,395,857	
Export	16,113,084		12,724,571	
Weight losses in transit and in drying	7,559		1,706	
	17,450,740	1,994,511,377	14,122,134	2,680,176,574
Wheat stocks—Being Wheat stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31				
Domestic	493,496		420,480	
Export	4,614,087		2,004,965	
Sale to the subsequent Pool Account—Wheat	1,628,630		1,854,243	
	6,736,213	762,893,850	4,279,688	624,797,702
	24,186,953	2,757,405,227	18,401,822	3,304,974,276
(Deficit) surplus on Wheat transactions		(499,411,230)		333,447,138
Operating costs				
Carrying charges				
Carrying charges on Wheat stored in country elevators		91,766,712		81,947,913
Storage on Wheat stored in terminal elevators		22,514,426		25,171,463
		114,281,138		107,119,376
Interest, bank charges		8,255,844		(24,312,632)
Demurrage/despatch		2,214,134		(66,282)
Additional freight—Wheat shipped from country stations to terminal position		17,455,191		15,876,539
—Freight rate change		1,068,672		2,389,795
Drying charges		106,961		76,344
Interest and depreciation on Wheat Board hopper cars		6,604,870		8,220,815
Wheat Board administrative and general expenses		23,977,312		20,889,909
		173,964,122		130,193,864
(Deficit) surplus on operations of the Board on the Pool Account—Wheat, for the period from August 1, 1990, to October 31, 1991 (1989-90 October 19, 1990)		(673,375,352)		203,253,274

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1990-91 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1990, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account ended October 19, 1990, for comparison)

EXHIBIT III

	1990-91		1989-90	
	Tonnes	Amount	Tonnes	Amount
		$		$
Durum acquired				
Purchased from producers at Board initial prices basis in store Thunder Bay or Vancouver	3,418,375	422,816,807	3,498,752	502,789,898
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	14,093	1,773,124	27,482	3,921,707
Purchased from prior year Pool Account—Durum	543,392	67,217,671	424,785	77,630,578
	3,975,860	491,807,602	3,951,019	584,342,183
Durum sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill				
Domestic	203,515		178,920	
Export	2,742,970		2,612,712	
Weight losses in transit and in drying	1,203		1,348	
	2,947,688	340,634,602	2,792,980	509,374,499
Durum stocks—Being Durum stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31				
Domestic	68,044		48,398	
Export	598,236		566,249	
Sale to the subsequent Pool Account—Durum	361,892		543,392	
	1,028,172	105,680,862	1,158,039	148,783,030
	3,975,860	446,315,464	3,951,019	658,157,529
(Deficit) surplus on Amber Durum Wheat transactions		(45,492,138)		73,815,346
Operating costs				
Carrying charges				
Carrying charges on Durum stored in country elevators		12,064,130		15,557,532
Storage on Durum stored in terminal elevators		5,574,893		6,236,353
		17,639,023		21,793,885
Interest and bank charges		1,063,772		(1,939,580)
Demurrage/despatch		85,807		(81,889)
Additional freight—Durum shipped from country stations to terminal position		459,031		922,856
—Freight rate change		159,808		359,330
Drying charges		3,089		1,938
Interest and depreciation on Wheat Board hopper cars		1,017,179		1,724,078
Wheat Board administrative and general expenses		3,692,610		4,391,658
		24,120,319		27,172,276
(Deficit) surplus on operations of the Board on the Pool Account—Durum, for the period from August 1, 1990, to October 31, 1991 (1989-90 October 19, 1990)		(69,612,457)		46,643,070

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1990-91 POOL ACCOUNT—BARLEY
FOR THE PERIOD AUGUST 1, 1990, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account ended September 30, 1990, for comparison)

EXHIBIT IV

	1990-91		1989-90	
	Tonnes	Amount	Tonnes	Amount
		$		$
Barley acquired				
Purchased from producers at Board initial prices basis in store Thunder Bay or Vancouver	4,127,250	371,141,676	3,067,088	305,790,879
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	23,028	2,078,725	17,436	1,769,992
Purchased from prior year Pool Account—Barley	57,843	5,581,991	468,190	59,307,067
	4,208,121	378,802,392	3,552,714	366,867,938
Barley sold				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill	3,419,027	324,684,093	3,009,602	397,270,005
Weight losses in transit and in drying	25		30	
Barley stocks—Being Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31	584,311	55,383,163	485,239	53,130,142
Sale to the subsequent Pool Account—Barley	204,758	19,254,974	57,843	5,581,991
	4,208,121	399,322,230	3,552,714	455,982,138
Surplus on Barley transactions		20,519,838		89,114,200
Operating costs				
Carrying charges				
Carrying charges on Barley stored in country elevators		8,840,207		9,327,125
Storage on Barley stored in terminal elevators		1,674,502		1,426,806
		10,514,709		10,753,931
Interest and bank charges		(3,893,139)		(7,600,719)
Demurrage/despatch		1,451,440		1,074,813
Additional freight—Barley shipped from country stations to terminal position		7,546,008		5,640,280
—Freight rate change		169,583		126,040
Drying charges		1,484		7,914
Interest and depreciation on Wheat Board hopper cars		1,228,113		1,511,367
Wheat Board administrative and general expenses		4,458,353		3,730,064
		21,476,551		15,243,690
(Deficit) surplus on operations of the Board on the Pool Account—Barley, for the period from August 1, 1990, to October 31, 1991 (1989-90 September 30, 1990)		(956,713)		73,870,510

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1990-91 POOL ACCOUNT—DESIGNATED BARLEY
FOR THE PERIOD AUGUST 1, 1990, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account ended September 30, 1990, for comparison)

EXHIBIT V

	1990-91		1989-90	
	Tonnes	Amount	Tonnes	Amount
		$		$
Designated Barley acquired				
Purchased from producers at Board initial prices basis in store Thunder Bay or Vancouver	1,455,000	191,376,871	843,496	138,126,408
Designated Barley sold				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	1,194,722	177,990,347	761,788	153,966,698
Designated Barley stocks—Being Designated Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver				
Completed sales for the period subsequent to July 31	260,278	38,863,113	81,708	16,738,826
	1,455,000	216,853,460	843,496	170,705,524
Surplus on Designated Barley transactions		25,476,589		32,579,116
Operating costs				
Storage		17,054		
Interest		(3,259,909)		(4,087,105)
Demurrage/despatch		(10,243)		
Interest and depreciation on Wheat Board hopper cars		432,953		415,649
Wheat Board administrative and general expenses		1,571,725		1,025,824
		(1,248,420)		(2,645,632)
Surplus on operations of the Board on the Pool Account—Designated Barley, for the period from August 1, 1990, to October 31, 1991 (1989-90 September 30, 1990)		26,725,009		35,224,748

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS FOR THE YEAR ENDED JULY 31, 1991
(with prior year figures for comparison)

EXHIBIT VI

	1990-91	1989-90
	$	$
Administrative and general expenses		
Salaries—Board members, officers and staff	17,927,932	16,547,555
Unemployment insurance, pension, group insurance, medical and other employee benefits	2,537,702	2,334,722
Manitoba Health and Education Tax	366,882	372,140
Advisory Committee operating and election expenses (1989-90 operating costs only)	338,706	171,636
Rental and lighting of offices including maintenance of The Canadian Wheat Board Building	1,929,803	1,615,432
Telephones, telex and facsimile transmissions	660,477	616,699
Postage	767,722	845,987
Printing, stationery and supplies	645,173	467,183
Annual report, mini report and "Grain Matters", etc.	147,350	130,357
District meetings	35,256	31,884
Office and miscellaneous	1,134,000	896,364
Travelling and transfer of staff	1,039,000	972,995
Area Representatives	220,932	235,389
Legal fees and court costs	134,306	191,107
Audit fees	108,000	108,000
Computing equipment—Rental and sundries	2,926,497	2,811,447
Repair and upkeep of office machines and equipment	34,518	19,615
Grain market publications and services	147,670	136,561
The Canadian Wheat Board share of operating expenses of Canadian International Grains Institute	1,216,952	1,124,533
Bonds and insurance	38,364	35,185
Depreciation on building, furniture, equipment and automobiles	442,929	348,546
Review Panel	42,725	113,447
	32,842,896	30,126,784

	1990-91		1989-90
	$		$
Allocations to Operations			
1. Marketing of Producers' Grain			
1990-91 Pool Account—Wheat	12,732,745		
1990-91 Pool Account—Durum	1,960,898		
1990-91 Pool Account—Barley	2,367,532		
1990-91 Pool Account—Designated Barley	834,638		
1989-90 Pool Account—Wheat	10,095,326		
1989-90 Pool Account—Durum	2,127,812		
1989-90 Pool Account—Barley	1,745,524		
1989-90 Pool Account—Designated Barley	480,046		
	32,344,521		29,572,966
2. Distributing Final Payments to Producers			
(a) Wheat and Durum			
1989-90 Pool Account—Wheat	212,039		
1989-90 Pool Account—Durum	50,561		
1988-89 Pool Account—Wheat	39,056		
1988-89 Pool Account—Durum	9,293		
1987-88 Pool Account—Wheat	3,476		
1987-88 Pool Account—Durum	473		
1986-87 Pool Account—Wheat	3,441		
1986-87 Pool Account—Durum	469		
1985-86 Pool Account—Durum	3,755		
1984-85 Pool Account—Wheat	2,263		
1984-85 Pool Account—Durum	310		
	325,136		362,699
(b) Coarse Grains			
1989-90 Pool Account—Barley	117,083		
1989-90 Pool Account—Designated Barley	21,206		
1988-89 Pool Account—Designated Oats	1,630		
1988-89 Pool Account—Barley	18,919		
1988-89 Pool Account—Designated Barley	3,617		
1987-88 Pool Account—Oats	757		
1987-88 Pool Account—Designated Oats	133		
1987-88 Pool Account—Barley	2,220		
1987-88 Pool Account—Designated Barley	396		
1986-87 Pool Account—Oats	1,428		
1986-87 Pool Account—Designated Oats	249		
1985-86 Pool Account—Designated Oats	847		
1985-86 Pool Account—Designated Barley	2,478		
1984-85 Pool Account—Oats	495		
1984-85 Pool Account—Designated Oats	86		
1984-85 Pool Account—Barley	1,441		
1984-85 Pool Account—Designated Barley	254		
	173,239		191,119
	32,842,896		30,126,784

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS
UNDER THE PRAIRIE GRAIN ADVANCE PAYMENTS ACT
AS AT JULY 31, 1991

EXHIBIT VII

	Cash advances to producers	Advances repaid by producers	Balance to be refunded by producers
	$	$	$
1957-58 Crop Year	35,203,467	35,200,848	2,619
1958-59 Crop Year	34,369,653	34,366,768	2,885
1959-60 Crop Year	38,492,505	38,490,061	2,444
1960-61 Crop Year	63,912,550	63,905,269	7,281
1961-62 Crop Year	16,656,713	16,651,472	5,241
1962-63 Crop Year	29,251,526	29,245,974	5,552
1963-64 Crop Year	62,136,418	62,129,679	6,739
1964-65 Crop Year	32,961,844	32,955,727	6,117
1965-66 Crop Year	40,600,386	40,596,511	3,875
1966-67 Crop Year	36,668,270	36,664,915	3,355
1967-68 Crop Year	47,280,533	47,277,578	2,955
1968-69 Crop Year	151,852,319	151,771,755	80,564
1969-70 Crop Year	272,777,516	272,477,615	299,901
1970-71 Crop Year	91,105,890	91,076,244	29,646
1971-72 Crop Year	68,142,360	68,109,571	32,789
1972-73 Crop Year	20,754,104	20,743,234	10,870
1973-74 Crop Year	35,259,387	35,220,735	38,652
1974-75 Crop Year	46,635,399	46,609,707	25,692
1975-76 Crop Year	20,236,528	20,208,239	28,289
1976-77 Crop Year	130,592,220	130,484,629	107,591
1977-78 Crop Year	119,090,916	118,932,241	158,675
1978-79 Crop Year	151,316,450	151,203,379	113,071
1979-80 Crop Year	99,146,581	99,084,630	61,951
1980-81 Crop Year	61,640,150	61,600,433	39,717
1981-82 Crop Year	333,688,190	333,271,974	416,216
1982-83 Crop Year	309,022,755	308,315,165	707,590
1983-84 Crop Year	286,736,519	286,058,876	677,643
1984-85 Crop Year	201,289,320	200,509,437	779,883
1985-86 Crop Year	340,670,296	339,722,519	947,777
1986-87 Crop Year	642,511,850	640,786,164	1,725,686
1987-88 Crop Year	563,607,958	560,065,648	3,542,310
1988-89 Crop Year	319,522,186	316,096,466	3,425,720
1989-90 Crop Year[1]	144,260,874	138,329,700	5,931,174
1990-91 Crop Year	1,461,787,145	1,170,001,771	291,785,374
	6,309,180,778	5,998,164,934	

Balance to be refunded by producers as at July 31, 1991		311,015,844
Add: bank interest to July 31, 1991 payable by the Government of Canada	244,153,409	
Less: amount paid by the Government to July 31, 1991	236,637,749	7,515,660
Bank interest to July 31, 1991	12,056,020	
Less: amount paid by Producers to July 31, 1991	7,229,224	4,826,796
		323,358,300
Deduct: balance of funds received		
Government of Canada—To cover advance payments in default	22,280,972	
Line Elevator Companies—To cover advance payments in default	500,992	
Line Elevator Companies—To cover current advances	3,392	
Interest received on default payments	20,668,914	
Less, interest forwarded to the Government of Canada	(18,171,806)	25,282,464
Owing to The Canadian Wheat Board as at July 31, 1991		298,075,836

[1] During the 1989-90 Crop Year, the producer was required to pay interest on the cash advance. During the 1990-91 Crop Year, the producer was required to pay interest on the part of the cash advance that was in excess of $50,000. In prior years, the Government of Canada paid all the interest.

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF SPECIAL ACCOUNT TRANSACTIONS
FOR THE YEAR ENDED JULY 31, 1991

EXHIBIT VIII

	$	$
Balance of Special Account as at July 31, 1990		5,022,637
Transfer to Special Account authorized by Order-in-Council P.C. 1991-1244 from the following		
1983 Wheat Payment Account	624,702	
1983 Durum Payment Account	34,887	
1983 Oats Payment Account	(24,557)	
1983 Designated Oats Payment Account	(3,977)	
1983 Barley Payment Account	195,138	
1983 Designated Barley Payment Account	14,695	840,888
		5,863,525

Expenditures

Authorized by Order-in-Council No.	Description of purpose	Unexpended as at July 31, 1990	Authorized Crop Year 1990-91	Unexpended as at July 31, 1991	Expended Crop Year 1990-91	
		$	$	$	$	
P.C. 1991-1245	Market Development	144,559	400,000	223,992	320,567	
P.C. 1991-1246	Canadian International Grains Institute—Capital Expenditures		600,000	600,000		
P.C. 1990-1538	Scholarship Program	143,359	206,641	83,305	266,695	
P.C. 1990-1539	Canadian International Grains Institute—Capital Expenditures	609,654		528,232	81,422	
		897,572	1,206,641	1,435,529		668,684
						5,194,841

Less: payments to producers against old payment accounts	400
Balance of Special Account as at July 31, 1991	5,194,441

As at July 31, 1991, there were unexpended authorizations totalling $1,435,529 of which $528,232 expires on that date leaving an unallocated balance of $4,284,144 in the Account.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS

The financial statements of the Canadian Wheat Board, including notes for the crop year under review, are presented in this section of the report.

These statements consist of the Balance Sheet (Exhibit I), which sets forth the financial position of the Board as at July 31, 1991, together with other statements (Exhibits II to VIII) showing the results of Board operations for the year, all as tabulated in the index preceding the financial statements.

The practice of the Board is to include in its accounts at July 31, the final operating results of pool accounts where marketing operations have been completed before the issuance of the annual report. Operations on the 1990-91 pool accounts for wheat, amber durum wheat, barley and designated barley were completed on October 31, 1991. Details of the final operating results of these pool accounts with commentary thereon are presented in this section of the report.

Although the basic measurement for grain has been the "tonne" since February 1, 1978, for your information a tonne equals 36.74371 bushels of wheat, or 45.92963 bushels of barley.

Financial results

Details of the final operating results of the Board on the 1990-91 Pool Accounts for wheat, amber durum wheat, barley and designated barley are presented in this section of the report with commentary thereon.

Pool account—Wheat

Initial payments

At the beginning of the crop year a fixed initial price of $135.00 per tonne for No. 1 Canada Western Red Spring Wheat was set by the Government of Canada.

Supplies of wheat

Supplies of wheat in the 1990-91 Pool were 24,186,954 tonnes, comprised of 22,196,617 tonnes delivered by producers, 136,094 tonnes acquired from other than producers and 1,854,243 tonnes purchased from the previous pool.

Grade pattern

Deliveries of grain to the 1990-91 Pool Account were significantly higher in terms of both quality and quantity than the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totalled 20.962 million tonnes or 94.44 per cent of total receipts compared to 66.35 per cent for the previous pool, while No. 3 Canada Western Red Spring receipts of 0.347 million tonnes amounted to 1.56 per cent of total receipts. Deliveries of other types of wheat amounted to 0.887 million tonnes or 4.00 per cent of total producer deliveries.

Final statement of operations—Wheat—Table A

Table A shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a deficit of $673,375,352 which is recoverable from the Government of Canada with funds provided by Parliament. The total payment realized by producers is, therefore, equal to the initial payments as shown in Table B.

STATEMENT OF OPERATIONS
ON THE 1990-91 POOL ACCOUNT—WHEAT
FOR THE PERIOD AUGUST 1, 1990, TO OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account for comparison)

TABLE A

	1990-91 Pool Account		1989-90 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	22,196,617 tonnes		16,682,883 tonnes	
	$	$	$	$
Sales value	2,492,118,923	112.275	2,968,728,228	177.950
Initial payments to producers	2,991,530,153	134.774	2,635,281,090	157.963
Gross (deficit) surplus	(499,411,230)	(22.499)	333,447,138	19.987
Deduct operating costs				
Carrying charges				
Country elevators	91,766,712	4.134	81,947,913	4.912
Terminal storage	22,514,426	1.014	25,171,463	1.509
Total carrying charges	114,281,138	5.148	107,119,376	6.421
Interest	8,255,844	0.372	(24,312,632)	(1.457)
Demurrage/despatch	2,214,134	0.100	(66,282)	(0.004)
Additional freight—To terminals	17,455,191	0.786	15,876,539	0.952
—Freight rate change	1,068,672	0.048	2,389,795	0.143
Drying	106,961	0.005	76,344	0.004
Interest and depreciation on Wheat Board hopper cars	6,604,870	0.298	8,220,815	0.493
Wheat Board administrative expenses	23,977,312	1.080	20,889,909	1.252
Total operating costs	173,964,122	7.837	130,193,864	7.804
(Deficit) surplus on operations	(673,375,352)	(30.336)	203,253,274	12.183
Add: interest earned after October 19			5,252,584	0.315
Deduct: cost of issuing final payment			152,440	0.009
Deduct: rebate on producer cars			161,708	0.009
Balance for distribution to producers			208,191,710	12.480

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF WHEAT BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE B

Grade	Initial payments (dollars per tonne)
Red Spring Wheat Grades	
No. 1 Canada Western Red Spring 14.5	139.21
No. 1 Canada Western Red Spring 13.5	137.21
No. 1 Canada Western Red Spring	135.00
No. 2 Canada Western Red Spring 13.5	130.21
No. 2 Canada Western Red Spring	129.21
No. 3 Canada Western Red Spring	117.21
No. 1 Canada Prairie Spring	113.21
No. 2 Canada Prairie Spring	111.21
No. 1 Canada Western Utility	121.21
No. 2 Canada Western Utility	104.21
Canada Western Feed	95.00
Red Winter Wheat Grades	
No. 1 Canada Western Red Winter	118.21
No. 2 Canada Western Red Winter	116.21
Soft White Spring Wheat Grades	
No. 1 Canada Western Soft White Spring	117.00
No. 2 Canada Western Soft White Spring	114.00

Operating costs

Operating costs incurred applicable to the pool were $173,964,122 or $7.837 per tonne. Details of the principal costs and comment thereon follows:

Carrying charges—$114,281,138

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on wheat in terminal elevators, amounted to $114,281,138 or $5.148 per tonne.

Interest—$8,255,844

This amount is the net of interest earnings, interest paid on borrowings, and interest paid to, or received from, other Board accounts. Interest paid exceeded interest earned by $8,255,844 or $0.372 per tonne.

Additional freight—To Terminals—$17,455,191—Freight rate change—$1,068,672

During the crop year the Board paid $17,455,191 of additional freight arising out of the movement of grain in adverse direction.

With the passage of the Western Grain Transportation Act on December 31, 1983, freight rates are now reviewed and adjusted annually. On August 1, 1991, freight rates increased by approximately 3.4 per cent and the Board was required to pay the additional freight on the country stocks held by its agents on August 1, 1991, amounting to $1,068,672 in the Wheat Account.

Drying charges—$106,961

Drying charges for 1990-91 totalled $106,961, a marginal increase from the previous year, reflecting higher quantities of tough and damp grain delivered to the pool under review.

Interest and depreciation on Wheat Board hopper cars—$6,604,870

Costs for the use of the Board's 2,000 hopper cars (1,945 remain in the fleet at July 31, 1991) include depreciation and interest. Hopper car expenses attributable to the 1990-91 Wheat Account totalled $6,604,870 compared to $8,220,815 for the previous pool.

Administrative and general expenses—$23,977,312

This item represents the portion of the cost of operating the Board, including salaries, fringe benefits to employees and the cost of operating the Board's head office premises as well as other branches in Canada and overseas that was charged to the Wheat Account. Since the Pool Accounts run for periods which overlap crop years, some part of the operating costs for two consecutive crop years are allocated to the Pool Accounts based on length of time the Pool Accounts were open and tonnage handled. Charges allocated to the 1990-91 Wheat Account were $23,977,312 or $1.08 per tonne on producer receipts of 22,196,617 tonnes compared with $20,889,909 or $1.252 per tonne on producer receipts of 16,682,883 tonnes for the previous pool.

Administrative and general expenses for the 1990-91 crop year from August 1, 1990, to July 31, 1991, totalled $32,842,896 compared to $30,126,784 for the 1989-90 crop year; an increase of $2,716,112 or 9.02 per cent.

Pool account—Amber Durum Wheat

Initial payments

At the beginning of the crop year a fixed initial price of $125.00 per tonne for No. 1 Canada Western Amber Durum Wheat was set by the Government of Canada.

Supplies of Amber Durum Wheat

Supplies of amber durum wheat in the 1990-91 Pool were 3,975,860 tonnes, comprised of 3,418,375 tonnes delivered by producers, 14,093 tonnes acquired from other than producers, and 543,392 tonnes purchased from the previous pool.

Grade pattern

Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totalled 3.384 million tonnes or 98.99 per cent of total producer deliveries. Board receipts of tough and damp durum made up approximately 0.08 per cent of deliveries.

Final statement of operations—Amber Durum Wheat—Table C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a deficit of $69,612,457 which is recoverable from the Government of Canada with funds provided by Parliament. The total payment realized by producers is, therefore, equal to the initial payments as shown in Table D. Operating expenses totalled $24,120,319 for the year or $7.056 per tonne. The main cost was carrying charges amounting to $17,639,023 or $5.160 per tonne.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS
ON THE 1990-91 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1990, TO OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account for comparison)

TABLE C

	1990-91 Pool Account		1989-90 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	3,418,375 tonnes		3,498,752 tonnes	
	$	$	$	$
Sales value	377,324,669	110.381	576,605,244	164.803
Initial payments to producers	422,816,807	123.689	502,789,898	143.706
Gross (deficit) surplus	(45,492,138)	(13.308)	73,815,346	21.097
Deduct operating costs				
Carrying charges				
Country elevators	12,064,130	3.529	15,557,532	4.447
Terminal storage	5,574,893	1.631	6,236,353	1.782
Total carrying charges	17,639,023	5.160	21,793,885	6.229
Interest	1,063,772	0.311	(1,939,580)	(0.554)
Demurrage/despatch	85,807	0.025	(81,889)	(0.023)
Additional freight—To terminals	459,031	0.134	922,856	0.263
—Freight rate change	159,808	0.047	359,330	0.103
Drying	3,089	0.001	1,938	
Interest and depreciation on Wheat Board hopper cars	1,017,179	0.298	1,724,078	0.493
Wheat Board administrative expenses	3,692,610	1.080	4,391,658	1.255
Total operating costs	24,120,319	7.056	27,172,276	7.766
(Deficit) surplus on operations	(69,612,457)	(20.364)	46,643,070	13.331
Add: interest earned after October 19			1,205,376	0.344
Deduct: cost of issuing final payment			40,285	0.011
Deduct: rebate on producer cars			14,790	0.004
Balance for distribution to producers			47,793,371	13.660

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF AMBER DURUM WHEAT
BASIS IN STORE THUNDER BAY OR
VANCOUVER

TABLE D

Grade	Initial payments
	(dollars per tonne)
Amber Durum Wheat Grades	
No. 1 Canada Western Amber Durum	125.00
No. 2 Canada Western Amber Durum	122.00
No. 3 Canada Western Amber Durum	118.00
No. 4 Canada Western Amber Durum	102.00
No. 5 Canada Western Amber Durum	95.00

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

Pool account—Barley

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist of marketing results related to feeding grades of barley.

Initial payments

At the beginning of the crop year fixed initial prices of $90.00 and $87.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively were set by the Government of Canada.

Supplies and grade pattern

Supplies in the regular Feed Barley Pool were 4,208,121 tonnes comprised of 4,127,250 tonnes delivered by producers, 23,028 tonnes acquired from other than producers, and 57,843 tonnes purchased from the previous pool. Deliveries of Nos. 1 and 2 Canada Western Barley comprised 99.91 per cent of the producer deliveries in the pool.

Final statement of operations —Barley—Table E

Table E shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a deficit of $956,713 which is recoverable from the Government of Canada with funds provided by Parliament. The total payment realized by producers is, therefore, equal to the initial payments as shown in Table F. Operating expenses totalled $21,476,551 for the year or $5.204 per tonne. The main cost was carrying charges amounting to $10,514,709 or $2.548 per tonne.

STATEMENT OF OPERATIONS
ON THE 1990-91 POOL ACCOUNT—BARLEY
FOR THE PERIOD AUGUST 1, 1990, TO OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account for comparison)

TABLE E

	1990-91 Pool Account		1989-90 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	4,127,250 tonnes		3,067,088 tonnes	
	$	$	$	$
Sales value	391,661,514	94.897	394,905,079	128.756
Initial payments to producers	371,141,676	89.925	305,790,879	99.701
Gross surplus	20,519,838	4.972	89,114,200	29.055
Deduct operating costs				
Carrying charges				
Country elevators	8,840,207	2.142	9,327,125	3.041
Terminal storage	1,674,502	0.406	1,426,806	0.465
Total carrying charges	10,514,709	2.548	10,753,931	3.506
Interest	(3,893,139)	(0.943)	(7,600,719)	(2.478)
Demurrage/despatch	1,451,440	0.352	1,074,813	0.350
Additional freight—To terminals	7,546,008	1.828	5,640,280	1.839
—Freight rate change	169,583	0.041	126,040	0.041
Drying	1,484		7,914	0.003
Interest and depreciation on Wheat Board hopper cars	1,228,113	0.298	1,511,367	0.493
Wheat Board administrative expenses	4,458,353	1.080	3,730,064	1.216
Total operating costs	21,476,551	5.204	15,243,690	4.970
(Deficit) surplus on operations	(956,713)	(0.232)	73,870,510	24.085
Deduct: interim payment			36,805,057	12.000
			37,065,453	12.085
Add: interest earned after September 30			1,611,888	0.525
Deduct: cost of issuing interim and final payments			129,003	0.042
Deduct: rebate on producer cars			41,044	0.013
Balance for distribution to producers			38,507,294	12.555

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR PRINCIPAL GRADES OF BARLEY BASIS IN STORE THUNDER BAY OR VANCOUVER TABLE F

Grade	Initial payments
	(dollars per tonne)
Barley Grades	
No. 1 Canada Western	90.00
No. 2 Canada Western	87.00
Mixed Grain Canada Western Barley	77.45

Pool account—Designated Barley

As stated previously, since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool account. This account has been labelled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial payments

At the beginning of the crop year a fixed initial price of $115.00 per tonne for Special Select Canada Western Six-Row (Special Select CW 6-Row) and $125.00 per tonne for Special Select Canada Western Two-Row (Special Select CW 2-Row) was set by the Government of Canada. Effective December 24, 1990, initial prices were increased to $127.50 per tonne for Special Select CW 6-Row and $137.50 for Special Select CW 2-Row.

Supplies and grade pattern

Supplies of barley in the Designated Pool were 1,455,000 tonnes representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use in malting, pot or pearling. Of these receipts 483,396 tonnes or 33.22 per cent were Special Select grades and 903,392 tonnes or 62.09 per cent were Select grades. Receipts of tough and damp grades totalled 13,992 tonnes or 0.96 per cent of total.

Final statement of operations and surplus for distribution to producers—Designated Barley—Table G

Table G shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $26,725,009. As to operating costs, it should be noted that the Designated Barley Pool by its very nature does not incur all of the handling expenses normally related to feeding grades of barley or other grains. As a result, expenses attributable to such barley were costs related to hopper cars owned by the Wheat Board, administrative charges, and terminal storage which totalled $2,021,732 or $1.390 per tonne. These expenses were reduced by despatch and interest earnings totalling $3,270,152 or $2.248 per tonne. After deducting the interim payment of $11,639,997 made to producers in November 1991, providing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to October 31, 1991, the net surplus for distribution to producers was $15,348,713 or $10.549 per tonne on producer deliveries of 1,455,000 tonnes. Table H shows the total payments received by producers for the principal grades of designated barley delivered during the crop year.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS ON THE 1990-91 POOL ACCOUNT—DESIGNATED BARLEY FOR THE PERIOD AUGUST 1, 1990, TO OCTOBER 31, 1991
(with prior year figures for the 1989-90 Pool Account for comparison) TABLE G

	1990-91 Pool Account		1989-90 Pool Account	
	Amount	Rate per tonne	Amount	Rate per tonne
Receipts from producers	1,455,000 tonnes		843,496 tonnes	
	$	$	$	$
Sales value	216,853,460	149.040	170,705,524	202.379
Initial payments to producers	191,376,871	131.530	138,126,408	163.755
Gross Surplus	25,476,589	17.510	32,579,116	38.624
Deduct Operating Costs				
Carrying Charges—Terminal storage	17,054	0.012		
Interest	(3,259,909)	(2.241)	(4,087,105)	(4.845)
Demurrage/despatch	(10,243)	(0.007)		
Interest and depreciation on Wheat Board hopper cars	432,953	0.298	415,649	0.493
Wheat Board administrative expenses	1,571,725	1.080	1,025,824	1.216
Total operating costs	(1,248,420)	(0.858)	(2,645,632)	(3.136)
Surplus on operations	26,725,009	18.368	35,224,748	41.760
Deduct: interim payment	11,639,997	8.000	21,087,398	25.000
	15,085,012	10.368	14,137,350	16.760
Add: interest earned after October 31 (1989-90 September 30)	312,372	0.214	709,120	0.841
Deduct: cost of issuing interim and final payments	48,671	0.033	24,269	0.029
Balance for distribution to producers	15,348,713	10.549	14,822,201	17.572

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF DESIGNATED BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE H

Grade	Initial payments	Interim payment	Final payments	Total
	(dollars per tonne)			
Designated Barley Grades				
Special Select Canada Western Two-Row	137.50	8.00	9.290	154.790
Special Select Canada Western Six-Row	127.50	8.00	7.290	142.790
Select Canada Western Two-Row	132.50	8.00	11.790	152.290
Select Canada Western Six-Row	122.50	8.00	9.790	140.290

NOTES TO FINANCIAL STATEMENTS

The following are an integral part of the financial statements.

1. Accounting policies

(a) Operating results and valuation of stocks of grain

The annual accounts at July 31 include the final operating results of all pool accounts for the crop year ended July 31, where marketing operations have been completed before the issuance of the annual report for that year. In determining the financial results for such pools, the accounts of the Board at July 31 include:

(i) the stocks of such grains on hand at that date at the values which were ultimately received from the sale thereof basis in store Thunder Bay, Vancouver or Churchill; and

(ii) provision for all expenses incurred or to be incurred before the sales proceeds are realized in cash or in bills of exchange, including a charge for the portion of administrative and general expenses to be incurred subsequent to July 31 but relating to the marketing and accounting for the grains in the various pools before they are closed.

(b) Foreign currency translations

Bills of exchange receivable in United States funds which are covered by forward exchange contracts are translated at the contract rates. In all other cases, bills of exchange receivable and bank loans payable in United States funds are translated at the rate of exchange in effect as at the balance sheet date.

Foreign exchange adjustments arising from conversion of bills of exchange and bank loans are included in operating results.

(c) Depreciation

The rates of depreciation being applied are intended to fully depreciate assets over their expected lives and are as follows:

Hopper cars	30 years
Office building	40 years
Office furniture and equipment	10 years
Automotive equipment	2 years (to 1/3 residual value)

(d) Administration and general expenses

Administration and general expenses, except for that portion of such expenses attributable to distributing final payments to producers, are allocated to the various pool account operations to which the services relate on the basis of the relative tonnage. Expenses attributable to final payments are allocated on the basis of the number of producers receiving payments from the various pool accounts.

2. Bills of exchange plus accrued interest

Of the $5,449,996,699 in total bills of exchange receivable, $2,998,589,553 (1990—$1,981,139,867) represents the Canadian equivalent of $2,604,524,931 (1990—$1,720,187,433) repayable in United States funds.

The balances receivable arise from sales of grain to Algeria, Brazil, Egypt, Ethiopia, Haiti, Iraq, Jamaica, Mexico, Peru, Poland, Russia, Yemen, and Zambia. The terms call for payment in full within 36 months or less from time of shipment, except for Brazil, Egypt, Haiti, Jamaica, Mexico, Peru, Poland and Zambia where the Board, together with the Canadian government, have agreed to reschedule certain receivables beyond their original maturity dates. Terms of such reschedulings call for payment of interest and the rescheduled debt within a maximum of 25 years. As at July 31, 1991, total reschedulings amounted to $3,649,349,850 including $1,344,865,252 which is the Canadian equivalent of $1,168,127,553 receivable in United States funds.

Subsequent to the crop year, the Board together with the Government of Canada concluded a bilateral rescheduling and debt reduction agreement with Poland, rescheduling over an 18-year period the total stock of debt outstanding at April 1, 1991. The debt reduction agreement between the Government of Canada and Poland provides for debt service assistance by the Government of Canada. The net present value of these payments will equal 50 per cent of the value of the stock of debt outstanding at April 1, 1991. Payments by the Government of Canada are made directly to the Board. As at July 31, 1991, the amounts subject to this rescheduling total $2,941,313,277 which includes the Canadian equivalent of $1,163,195,330 receivable in United States funds.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

NOTES TO FINANCIAL STATEMENTS—*Continued*

Subsequent to the crop year, the Board together with the Government of Canada concluded a bilateral rescheduling and debt reduction agreement with Egypt, rescheduling over a 25-year period the total stock of debt outstanding at July 1, 1991. The debt reduction agreement between the Government of Canada and Egypt provides for debt service assistance by the Government of Canada. The net present value of these payments will equal 50 per cent of the stock of debt outstanding at July 1, 1991. Payments by the Government of Canada are made directly to the Board. The accounts of the Board at July 31, 1991, included $225,453,828 which was subject to this rescheduling.

During the crop year, the Board together with the Government of Canada signed a bilateral rescheduling and debt reduction agreement with Zambia to reschedule payments due and not paid at June 30, 1990, and falling due in the period July 1, 1990, to December 31, 1991. The debt reduction agreement between the Government of Canada and Zambia provides for assistance on interest payments. Payments by the Government of Canada are made directly to the Board. The accounts of the Board as at July 31, 1991, included $35,451,351 which was subject to this rescheduling. As at July 31, 1991, of this total, $33,133,361 had already matured and was already subject to this agreement.

During the crop year, the Board together with the Government of Canada signed a bilateral agreement with Jamaica, to reschedule over a 10-year period principal amounts due and not paid for the period December 1, 1989, to May 31, 1991. The accounts of the Board at July 31, 1991, included $1,863,910 which was subject to this rescheduling.

During the crop year, the Government of Canada and other creditor nations agreed to a further deferral of certain Jamaican obligations that had earlier been rescheduled under bilateral agreements signed in 1984 and 1985. Principal and interest, excluding late interest, due and not paid from June 1, 1991, to June 30, 1992, are to be rescheduled under this agreement. The accounts of the Board at July 31, 1991, include $860,250 which will be included in this rescheduling.

Subsequent to the crop year, the Government of Canada and other creditor nations agreed to a deferral of certain Peruvian obligations. Amounts outstanding at September 30, 1991, as well as payments falling due in the period October 1, 1991, to December 31, 1992, under the agreed minute signed in 1978 will be subject to this rescheduling. Amounts due and unpaid, resulting from credit sales in 1984 may be deferred as well. As at July 31, 1991, the amounts subject to this agreement total $22,664,057 which includes the Canadian equivalent of $11,577,998 receivable in United States funds.

Subsequent to the crop year, the Government of Canada and other creditor nations agreed to a deferral of certain Russian obligations. Principal balances coming due in the period December 5, 1991, to December 31, 1992, under contracts entered into before January 1, 1991, are to be deferred to December 31, 1992. As at July 31, 1991, the amounts subject to this deferral total $221,883,190 which is the Canadian equivalent of $192,724,042 receivable in United States funds.

Credit sales are made within limits established by the Government of Canada which guarantees the Board's borrowings incurred to finance such sales, both as to principal and interest. Because of these guarantees, the Board is not at risk should any of the unpaid amounts prove to be uncollectible; therefore, no provision is made in its accounts with respect to the possibility of debtors defaulting on their obligations.

3. Accounts receivable

Accounts receivable include amounts due on completed sales as at July 31 where settlement was received shortly after that date. Sundry accounts receivable consists mainly of freight costs which are recovered on completed sales.

4. Covered hopper cars

The Board purchased 2,000 covered hopper cars in 1979-80 having an original cost of $90,555,623. Of these 2,000 cars, 55 cars have been wrecked and dismantled leaving 1,945 still in the fleet having an original cost of $88,065,343 with accumulated depreciation of $33,760,444 to July 31, 1991. The Board is reimbursed for destroyed cars under an operating agreement with the Canadian National Railway.

5. Short term borrowings

Details of these borrowings are as shown below:

Of the total borrowings, $2,976,581,538 (1990—$1,979,709,692) represents the Canadian equivalent of $2,585,409,136 (1990—$1,718,945,638) repayable in United States funds.

The Board's borrowings are undertaken with the approval of the Minister of Finance and are guaranteed by the Government of Canada.

	July 31	
	1991	1990
	$	$
Ordinary operations		
Borrowings	1,111,185,206	
Funds on deposit		(141,351,592)
Borrowings to finance credit sales	5,424,806,942	4,648,568,719
	6,535,992,148	4,507,217,127

THE CANADIAN WHEAT BOARD—*Concluded*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Concluded*

NOTES TO FINANCIAL STATEMENTS—*Concluded*

6. Liability to agents for grain purchased from producers

Grain companies, acting in the capacity of agents of the Board, accept deliveries from producers at country elevators and pay the producers on behalf of the Board based on the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its agents at terminal or mill position. Liability to agents amounting to $812,274,563 (1990—$551,700,354) represents the amount payable by the Board to its agents for 6,332,552 (1990—3,734,428) tonnes of grain on hand at country elevator points and in transit at July 31 for which delivery to and settlement by the Board is to be completed subsequent to year end date.

7. Liability to agents for deferred cash tickets

Grain companies, as agents of the Board, deposit with the Board in trust an amount equal to the deferred cash tickets issued for Board grain. These monies are returned to the grain companies to cover producer-deferred cash tickets maturing predominantly during the first days of the following calendar year.

8. Accrued expenses and accounts payable

This item principally comprises accrued carrying charges, storage, interest and transportation charges to July 31, 1991, together with all other unpaid sundry accounts as at the foregoing date. It also includes provisions for all charges relating to the marketing of pool accounts for the period from August 1, 1991, to completion of operations on October 31, 1991.

9. Special account—Net balance of undistributed payment accounts

In accordance with the provision of Section 30 of the Canadian Wheat Board Act, the Governor in Council may authorize the Board to transfer to a Special Account the unclaimed balances remaining in payment accounts which have been payable to producers for a period of six years or more. In addition to providing for payment of proper claims from producers against these old payment accounts, the Section further provides that these funds shall be used for purposes as the Governor in Council, upon the recommendations of the Board, may deem to be for the benefit of producers.

10. Provision for final payment expenses

This item represents the balance of the Board's reserve for final payment expenses of pool accounts that have been closed. Six years after particular accounts have been closed, the remaining reserves for these pools are transferred to the special account by Order-in-Council.

11. Lease commitments

The Board, as an agent of Her Majesty in Right of Canada, is the lessor of 2,000 covered hopper cars for the Government of Canada. All lease costs are recoverable from the Government and are not a charge to the operations of the Board. Total payments associated with leases in the year ended July 31, 1991, amounting to $14,986,937 (1990—$15,106,298) have been recovered by the Board. Lease terms are for 20 and 25 years.

12. Statement of changes in financial positions

Changes in financial position are evident from the balance sheet and the statements of operations for the pool accounts and for this reason a statement of changes in financial position has not been included.

CAPE BRETON DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Cape Breton Development Corporation as at March 31, 1992 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Cape Breton Development Corporation Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 5, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash	5,682	2,021
Accounts receivable (Note 3)	38,343	39,508
Inventories		
Coal	31,265	27,020
Operating materials and supplies	11,932	15,784
Prepaid expenses	162	2,465
	87,384	86,798
Capital assets (Note 4)	297,053	324,497
Other asset		
Deferred pension costs (Note 5)	9,512	
	393,949	411,295

LIABILITIES	1992	1991
Current		
Accounts payable—Trade	14,073	17,498
Accrued wages and vacation pay	12,509	12,050
Accrued charges	7,997	1,395
Employees' deductions	2,108	4,947
Due to Government of Canada		
Working capital advances	30,000	31,000
Other	2,383	1,894
Current portion of long-term provisions	6,982	
	76,052	68,784
Provision for costs associated with Lingan Colliery closure (Note 6)	51,815	
Provision for environmental projects (Note 8)	3,440	
	131,307	68,784
EQUITY		
Equity of Canada	262,642	342,511
	393,949	411,295

Commitments (Note 7).
Contingent liabilities and claims (Notes 8 and 9).

Approved by the Board:

MICHAEL J. COCHRANE
Director

J.C. CALLAGHAN
Director

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF EQUITY
YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Balance, beginning of year	342,511	429,146
Add (deduct)		
Loss for the year	(110,869)	(118,545)
Parliamentary appropriations in respect of capital and operating expenditures	31,000	31,910
Balance, end of year	262,642	342,511

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Revenue	254,625	216,313
Expenses		
Cost of product sold	186,593	162,904
Selling and external freight	10,474	7,675
General and adminsitrative	17,351	16,031
Amortization	46,725	66,042
	261,143	252,652
Loss from current operations	6,518	36,339
Pensions, early retirement and other costs	40,346	29,578
Loss before below-noted	46,864	65,917
Provision for costs associated with Lingan Colliery closure (Note 6)	59,005	
Provision for enfironmental projects	5,000	
Write-down of capital assets		52,628
Loss for the year	110,869	118,545
Reconciliation to government funding basis		
Amortization and write-down of capital assets not deductible in determining mining income (losses) for Parliamentary appropriation	(46,725)	(118,670)
Provision for costs associated with Lingan Colliery closure to be funded in future years	(57,237)	
Provision for environmental projects to be funded in future years	(5,000)	
Mining income (losses) for Parliamentary appropriation	(1,907)	125

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Net inflow (outflow) of cash related to the following activities		
Operating		
Loss for the year	(110,869)	(118,545)
Amortization	46,725	118,670
Provision for costs associated with Lingan Colliery closure net of current portion	51,815	
Provision for environmental projects net of current portion	3,440	
Change in non-cash operating working capital items (Note 10)	11,344	(25,518)
	2,455	(25,393)
Financing		
Payments by (to) Canada		
In respect of capital and operating expenditures	31,000	31,910
Increase (decrease) in repayable working capital advances	(1,000)	23,963
	30,000	55,873
Investing		
Purchase of capital assets	(19,420)	(32,307)
Proceeds from sale of capital assets	138	255
Deferred pension costs	(9,512)	
	(28,794)	(32,052)
Net inflow (outflow) of cash	3,661	(1,572)
Cash, beginning of year	2,021	3,593
Cash, end of year	5,682	2,021

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and objectives

The Corporation was established in 1967 for the purpose of reorganizing and rehabilitating the coal industry on Cape Breton Island, pursuant to the Cape Breton Development Corporation Act. Its current corporate goal is to be a dependable supplier of quality coal and related energy products by operating a safe, commercially viable corporation which will provide a positive working environment through efficient and effective utilization of human, physical and technical resources.

In the February 1992 federal budget, the Minister of Finance announced that a study would be carried out to determine the feasibility of privatization of the Cape Breton Development Corporation.

2. Accounting policies

(a) Financing

The Corporation, an agent of Her Majesty, is listed as a Schedule III, Part I, corporation for purposes of the Financial Administration Act. The Corporation receives Parliamentary appropriations for capital and operating expenditures. In addition, advances from the Government of Canada are provided for working capital purposes to a limit of $50 million on such terms as may be agreed upon, as provided for in the Cape Breton Development Corporation Act. Parliamentary appropriations are reflected in the Statement of Equity.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

(c) Capital assets

Capital assets are stated at cost. The Corporation has provided amortization on its capital assets based on their estimated useful lives, using the straight-line method of calculation, as follows:

Lingan Colliery	2-30 years
Prince Colliery	2-30 years
Phalen Colliery	2-30 years
Devco Railway	5-30 years
Coal Preparation Plant	5-20 years
Other assets	5-20 years

(d) Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

(e) Deferred pension costs

Deferred pension costs will be amortized over the estimated average remaining service life of the employees.

(f) Workers' compensation

In accordance with the Government Employees' Compensation Act, the Corporation reimburses Labour Canada for current payments for workers' compensation claims and pensions billed by the Workers' Compensation Board of the Province of Nova Scotia.

3. Accounts receivable

	1992	1991
	(in thousands of dollars)	
Trade	24,291	28,416
Employees	152	282
Government of Canada—In respect of capital expenditures	14,000	10,910
	38,443	39,608
Less: allowance for doubtful accounts	100	100
	38,343	39,508

4. Capital assets

	1992			1991
	Acquisition cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Lingan Colliery	190,191	176,110	14,081	18,255
Prince Colliery	124,985	75,629	49,356	52,054
Phalen Colliery	224,613	92,025	132,588	144,360
Donkin-Morien Development Project	80,679	80,679		
Coal Preparation Plant	101,771	55,700	46,071	50,739
Devco Railway	81,096	39,708	41,388	44,160
Other assets	43,940	30,371	13,569	14,929
	847,275	550,222	297,053	324,497

The capital asset value of Lingan Colliery has been determined based on the discontinuance of operations by March 31, 1993.

5. Pensions

The Corporation contributes to defined benefit pension plans on behalf of employees of the Corporation. The current service cost of pensions is included in the cost of product sold. All other pension costs are included in pension, early retirement and other costs.

An actuarial valuation of the Corporation's Non-Contributory Pension Plan as at March 31, 1992 indicated an unfunded liability of $100,244,200 (assets of $130,373,600 and liabilities of $230,617,800). The Corporation has made provision in its annual operating plan for past and current service contributions in amounts at least equal to the anticipated pension payments under this plan. On this basis, the unfunded liability will be funded over a period of nine years or less. The Corporation contributed $29,506,000 and expensed $19,873,200, relative to this plan for the year ended March 31, 1992 with the difference appearing on the balance sheet as deferred pension costs.

An actuarial valuation of the Corporation's Contributory Pension Plan as at March 31, 1992 indicated a surplus of $5,084,000 (assets of $30,742,500 and liabilities of $25,658,500). Required Corporation payments in respect of current service costs are funded each year and amounted approximately to the $983,400 expensed relative to this plan for the year ended March 31, 1992.

CAPE BRETON DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

6. Provision for costs associated with Lingan Colliery closure

During the year, management approved a plan based on the discontinuance of Lingan Colliery production by March 31, 1993. The plan included a human resources strategy for employees affected by this closure.

Provision has been made for the future cost of this strategy which includes an early retirement incentive, supplementary unemployment benefits for laid-off workers and voluntary severance allowances.

Provision has also been made for the cost of dismantling and removal of certain capital assets from the Lingan site.

7. Commitments

(a) The Corporation has commitments on capital projects of approximately $1.7 million.

(b) The Corporation leases the General Mining Building which houses its administrative offices. The lease is for a 20 year period which commenced June 1984. The annual lease payments fluctuate with changes in the lessor's mortgage interest rates. Current lease payments are $1,370,000 per annum at an interest rate of 11.75%.

8. Contingent liabilities and claims

(a) Legal matters

The Corporation is subject to a claim and several actions totalling approximately $3,300,000. The Corporation intends to oppose these matters in their entirety.

(b) Insurance

The Corporation self insures against the potential loss of underground assets and for a portion of its liability insurance.

(c) Environmental considerations

The Corporation is subject to regulations that may require it to incur future costs related to environmental issues. In this respect, the Corporation is in the process of developing an environmental management plan.

Over the next five years, the Corporation plans to spend approximately $18 million on environmental activities including the cost of capital assets and project costs. Environmental project costs are charged to operations as incurred or when reasonable estimates can be made.

9. Income taxes

The Corporation is subject to the provisions of the Income Tax Act.

During 1990 the Corporation was reassessed by Revenue Canada, Taxation for the years 1983-89. The reassessment treats funding provided by the Government of Canada as government assistance for operating and capital purposes. It is the Corporation's intention to oppose this position to the fullest. The outcome of this matter is not determinable at this time and therefore no adjustment has been reflected in these financial statements.

10. Changes in non-cash operating working capital items

	1992	1991
	(in thousands of dollars)	
Accounts receivable	1,165	(15,070)
Inventories		
Coal	(4,245)	(6,721)
Operating materials and supplies	3,852	13
Prepaid expenses	2,303	(2,388)
Accounts payable—Trade	(3,425)	4,762
Accrued wages and vacation pay	460	(818)
Accrued charges	6,602	(1,992)
Employees' deductions	(2,839)	(1,448)
Due to Government of Canada—Other	489	(1,856)
Current portion of provisions	6,982	
	11,344	(25,518)

11. Long-term agreement

The Corporation has signed an agreement with the Nova Scotia Power Corporation which calls for the delivery of a substantial portion of the Corporation's coal production to the Nova Scotia Power Corporation. The agreement expires in the year 2010.

12. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

13. Comparative figures

Certain of the 1991 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

DEFENCE CONSTRUCTION (1951) LIMITED

AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Defence Construction (1951) Limited as at March 31, 1992 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the Defence Production Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 11, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash (Note 9(b))	1,715,952	1,811,258
Accounts receivable	121,769	184,645
Other	36,458	19,152
	1,874,179	2,015,055
Capital assets at cost	1,874,550	1,716,841
Less: accumulated amortization	1,442,511	1,287,914
	432,039	428,927
	2,306,218	2,443,982

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	1,531,052	2,215,866
Due to Department of National Defence (Note 3)	713,735	141,145
Contractors' security deposits	128,460	42,980
	2,373,247	2,399,991
Provision for employee benefits (Note 4)	1,934,611	2,472,855
	4,307,858	4,872,846
CAPITAL STOCK AND DEFICIT		
Capital stock (Note 5)		
Authorized—1,000 shares of no par value		
Issued—32 common shares (1991—31 common shares)	32	31
Deficit (Note 6)	(2,001,672)	(2,428,895)
	(2,001,640)	(2,428,864)
	2,306,218	2,443,982

Contingencies (Note 9).

Approved by the Board:

J.D. McCLURE
Director

J. ADAMS
Director

DEFENCE CONSTRUCTION (1951) LIMITED—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenses		
Salaries	10,344,151	10,838,073
Employee benefits	1,461,210	1,323,419
Travel and removal	942,945	1,121,115
Office accommodation	470,082	417,780
Telephone	381,958	390,012
Office supplies and maintenance	379,986	416,410
Postage, express and freight	238,842	255,936
Amortization	217,607	251,637
Professional services	210,494	322,173
Advertising	148,925	158,689
Training and professional development	145,985	219,468
Rental of machinery	110,402	119,947
Other	84,936	87,288
	15,137,523	15,921,947
Cost recoveries		
Department of National Defence	14,825,206	15,529,813
Others	739,540	875,226
	15,564,746	16,405,039
Excess of cost recoveries over expenses	(427,223)	(483,092)
Deficit at beginning of the year	2,428,895	2,911,987
Deficit at end of the year	2,001,672	2,428,895

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Excess of cost recoveries over expenses	427,223	483,092
Items not requiring cash		
Provision for employee benefits	(189,235)	(155,645)
Amortization	217,607	251,637
Net decrease in non-cash working capital balances related to operations*	18,827	390,869
Cash provided by operations	474,422	969,953
Employee benefits paid	(349,009)	(306,621)
Cash provided by operating activities	125,413	663,332
Investing activities		
Acquisition of capital assets	(220,719)	(219,118)
Increase (decrease) in cash during the year	(95,306)	444,214
Cash at beginning of the year	1,811,258	1,367,044
Cash at end of the year	1,715,952	1,811,258

* Consisting of changes in accounts receivable, other assets, accounts payable and accrued liabilities, due to Department of National Defence and contractors' security deposits.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1992

1. Authority and objective and funding

Defence Construction (1951) Limited was incorporated under the Canada Corporations Act in 1951 and was continued under the Canada Business Corporations Act, pursuant to the authority of the Defence Production Act. The corporation is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. The corporation is not subject to income taxes.

The objective of the corporation is principally to contract for and manage the construction, maintenance and repair services, architectural and engineering services as required for the construction program of the Department of National Defence, pursuant to a Memorandum of Understanding with the latter. It also carries out other projects as approved by Treasury Board.

Pursuant to the Memorandum of Understanding, the Department of National Defence provides the corporation with funding for net cost of its disbursements and administrative expenses.

The corporation is currently reviewing the Memorandum of Understanding with the Department of National Defence, including funding arrangements.

2. Significant accounting policies

Financial statement presentation

The financial statements reflect only the administrative expenses incurred in procuring the services described above for the Department of National Defence and others.

Capital assets

Capital assets, comprised of furniture and equipment, are recorded at cost and are amortized on a straight-line basis over five years.

Employee termination benefits

Employees are entitled to specified termination benefits calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

Services provided without charge

The Department of National Defence provides office space free of charge for employees of the corporation.

DEFENCE CONSTRUCTION (1951) LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

3. Due to Department of National Defence

The net cost of operations is recovered through the Department of National Defence to the extent of net cash requirement, and any excess of cash advances is refunded at year end. As at March 31, 1992, the net balance due to Department of National Defence was $713,735 (1991—$141,145).

4. Provision for employee benefits

	1992	1991
	$	$
Termination benefits	1,998,236	2,426,467
Life insurance	40,393	46,388
Compensation benefits	395,082	384,967
	2,433,711	2,857,822
Less: current portion	499,100	384,967
	1,934,611	2,472,855

5. Capital stock

During the year, the corporation has increased the number of its directors from six to seven. Consequently, one common share was issued to the new director.

6. Deficit

The deficit of the corporation is comprised of the difference between the provision for employee benefits, which will be funded in future years as they are paid, and the net book value of capital assets.

	1992	1991
	$	$
Deficit, beginning of the year	2,428,895	2,911,987
Decrease in provision for employee benefits	(424,111)	(515,611)
Decrease (increase) in net book value of capital assets	(3,112)	32,519
Deficit, end of the year	2,001,672	2,428,895
Composed of:		
Provision for employee benefits (Note 4)	2,433,711	2,857,822
Net book value of capital assets	(432,039)	(428,927)
	2,001,672	2,428,895

7. Related party transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

8. Lease commitments

In addition to the free office space provided by the Department of National Defence, the corporation leases other office accommodation in the performance of its operations. The future minimum annual lease payments are:

Year ending March 31	$
1993	433,825
1994	414,196
1995	101,982
1996	13,417
	963,420

9. Contingencies

(a) Claims aggregating approximately $5,961,000 in respect of contractual obligations have been received by the corporation, but are not reflected in the accounts. In the opinion of management and legal counsel, the position of the corporation is defensible. However, the final outcome of such claims is not determinable. Any settlements resulting from the resolution of these claims will be funded by the Department of National Defence, in the year of settlement.

(b) Included in the cash balance as at March 31, 1992 is an amount of $200,000 subject to restricted use which serves as security against the potential risk of environmental damage with respect to a project.

ENTERPRISE CAPE BRETON CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Enterprise Cape Breton Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts, such as the allowances for doubtful loans and interest, that are necessarily based on management's estimates and judgement.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. In addition, the Audit Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the consolidated financial statements and for issuing his report thereon.

Charles Cordeau
Vice-President and Chief Operating Officer

AUDITOR'S REPORT

TO THE MINISTER FOR THE PURPOSES OF THE ATLANTIC CANADA OPPORTUNITIES AGENCY ACT

I have audited the consolidated balance sheet of the Enterprise Cape Breton Corporation as at March 31, 1992, and the consolidated statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation and of its wholly-owned subsidiary that have come to my notice during my examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Enterprise Cape Breton Corporation Act and the by-laws of the Corporation and its wholly-owned subsidiary.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 22, 1992

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Cash and short-term investments	1,122,943	813,649
Receivable—Government of Canada	1,200,000	1,160,000
Accounts receivable (net of allowance of $13,926; 1991: $3,965)	468,060	400,348
Interest receivable (net of allowance of $278,643; 1991: $321,843) (Note 5)	60,556	55,937
Inventories	24,566	27,226
Prepaid expenses	42,287	190,439
	2,918,412	2,647,599
Loans (net of allowance for doubtful and forgivable loans of $3,606,678; 1991: $6,793,495) (Notes 5 and 6)	2,623,283	2,608,653
Investments (net of allowance of $680,000; 1991: $1,600,000)	330,000	330,000
Capital assets (Note 7)	1,557,837	6,933,748
Net assets of discontinued operations (Note 4)		5,906,336
	7,429,532	18,426,336

LIABILITIES	1992	1991
	$	$
Accounts payable and accrued liabilities	2,169,352	1,708,087
Employee termination benefits	390,133	
Due to the Consolidated Revenue Fund (Note 4)	140,848	
Net liability of discontinued operations (Note 4)	2,505	
	2,702,838	1,708,087
EQUITY		
Equity of Canada	4,726,694	16,718,249
	7,429,532	18,426,336

Proposed merger of the corporation (Note 2).
Guarantees (Note 10).
Commitments (Note 11).
Related party transactions (Note 12).

Approved by the Board:

HUGH TWEEDIE
Director

BARRY MARTIN
Director

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Equity at beginning of the year	16,718,249	22,492,274
Parliamentary appropriation (Note 8)	10,400,000	10,560,000
	27,118,249	33,052,274
Less		
Net operating expenses	17,950,707	15,284,025
Transfer of funds to the Consolidated Revenue Fund	4,440,848	1,050,000
Equity at end of the year	4,726,694	16,718,249

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Development expenses		
New business development assistance	8,457,415	6,800,408
General development assistance	522,354	623,889
Provision for doubtful loans and interest	276,573	2,184,998
Recoveries of doubtful loans and interest	(362,075)	(378,114)
Provision for doubtful investments	380,000	1,700,000
Recoveries of doubtful investments	(622,218)	
	8,652,049	10,931,181
Operating expenses of corporate-owned facilities		
Rental	767,948	673,447
Tourist	263,021	311,075
Amortization	1,255,342	1,321,004
	2,286,311	2,305,526
Administrative expenses	1,561,246	1,708,620
Communications	163,027	119,633
Provision for loss on disposal of assets	28,421	421,497
Merger expenses (Note 2)	230,000	
Writedown of capital assets (Note 7)	4,912,125	
	6,894,819	2,249,750
Total operating expenses	17,833,179	15,486,457
Income from corporate-owned facilities		
Rental	(580,640)	(477,347)
Tourist	(269,246)	(273,875)
	(849,886)	(751,222)
Interest income		
Loans	(361,906)	(357,669)
Other	(138,673)	(252,549)
	(500,579)	(610,218)
Total operating income	(1,350,465)	(1,361,440)
Net operating expenses before discontinued operations	16,482,714	14,125,017
Net loss from discontinued operations (Note 4)	1,467,993	1,159,008
Net operating expenses	17,950,707	15,284,025

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Financing activities		
Parliamentary appropriation	10,400,000	10,560,000
Proceeds remitted to the Consolidated Revenue Fund	(4,300,000)	(1,050,000)
Changes in receivable—Government of Canada	(40,000)	640,000
Cash provided by financing activities	6,060,000	10,150,000
Operating activities		
Net operating expenses	(17,950,707)	(15,284,025)
Charges not affecting cash		
Amortization	1,255,342	1,321,004
Writedown of capital assets	4,912,125	
Loan forgiveness	11,102	1,017,925
Provision for doubtful loans and interest	155,212	1,960,513
Provision for doubtful investments	380,000	1,700,000
Provision for loss on disposal of assets	28,421	421,497
Employee termination benefits	390,133	
Net loss from discontinued operations	1,467,993	1,159,008
	(9,350,379)	(7,704,078)
Decrease (increase) in non-cash operating working capital*	539,746	(1,383,440)
Cash used in operating activities	(8,810,633)	(9,087,518)
Investing activities		
Loan advances	(739,523)	(1,875,055)
Loan repayments	558,579	1,036,949
Purchase of capital assets	(1,165,550)	(1,146,017)
Proceeds from sale of capital assets	345,573	2,387,176
Purchase of investments	(380,000)	(1,430,000)
Net proceeds from sale of subsidiary's assets	4,440,848	
Cash provided by (used in) investing activities	3,059,927	(1,026,947)
Increase in cash and short-term investments	309,294	35,535
Cash and short-term investments at beginning of the year	813,649	778,114
Cash and short-term investments at end of the year	1,122,943	813,649
*Decrease (increase) in non-cash operating working capital		
Accounts receivable	(67,712)	(35,983)
Interest receivable	(4,619)	137,369
Inventories	2,660	46,357
Prepaid expenses	148,152	(142,127)
Accounts payable and accrued liabilities	461,265	(1,389,056)
	539,746	(1,383,440)

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992

1. The Corporation

Authority and objectives

Enterprise Cape Breton Corporation (ECBC) was established pursuant to the Enterprise Cape Breton Corporation Act (Part II of the Government Organization Act, Atlantic Canada, 1987) which was proclaimed on December 1, 1988. The Corporation is an agent Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to the provisions of the Income Tax Act. Its objects, as stated in its enabling legislation are:

to promote and assist either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on the Island of Cape Breton to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

2. Proposed merger of the corporation

In Budget Papers tabled in the House of Commons on February 25, 1992, the Government of Canada announced that "ECBC will be folded into ACOA" (the Atlantic Canada Opportunities Agency). The Minister for the purposes of the Atlantic Canada Opportunities Agency Act has publicly announced that a paramount concern is to ensure services provided by ECBC operated facilities be maintained with the least possible disruption. The continuation of the services provided by the corporate operated facilities (the Point Edward Demonstration Farm and Sydport Industrial Park) is to be a precondition of any transfer. Accordingly, the Corporation will continue to operate these facilities until a plan has been approved. The financial statements include estimated costs of $230,000 for the merger with ACOA.

3. Significant accounting policies

(a) Parliamentary appropriation

Parliamentary appropriation is recorded on the accrual basis with drawdowns based on cash requirements.

(b) Basis of consolidation

(i) The financial statements of Enterprise Cape Breton Corporation include the results of the Corporation and its subsidiary as outlined below.

	Corporation interest	Period ended
Whale Cove Summer Village Limited	62.5%	March 31

(ii) As the financial statements of Whale Cove Summer Village Limited report a deficit equity position as at March 31, 1992, and the non-controlling interest in losses to date have been absorbed against the total of the non-controlling invested capital, all losses of this company are included in the consolidated net operating expenses. As a consequence, no non-controlling interest for this subsidiary is shown in the consolidated balance sheet.

The shareholder agreement allows the non-controlling shareholders to purchase the Corporation interests in Whale Cove Summer Village for a value of one dollar in 1998.

(c) Loans

Loans are recorded at the lower of cost and estimated net realizable value. Certain loans may include interest which has been capitalized as principal due to the restructuring of the terms of the loan contract.

(d) Allowances for doubtful and forgivable loans

The allowance for doubtful loans represents management's estimate of probable losses on specific loans outstanding at the end of the year. The allowance is based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including the period of delinquency, market conditions, financial viability of the business and managerial capabilities. A general provision is included to account for any unexpected delinquencies that may occur throughout the year based on past experience. Management has estimated the effect of these risks and uncertainties when determining the allowance for doubtful loans. Doubtful loans may be reinstated to an accrual status when, in management's opinion, the ultimate collectibility of principal and interest is reasonably assured.

Certain loans are subject to terms of forgiveness as stipulated in the loan contract. The amount eligible for forgiveness is charged to operations when the loan is issued.

Actual loan losses are charged to operations while recoveries are credited. Adjustments of the allowances for doubtful and forgivable loans to the level regarded by management as being appropriate are charged to operations.

(e) Investments

The Corporation has preferred equity holdings as well as partnership interests. These investments are subject to restrictive terms of agreement and are shown at cost net of allowance for doubtful investments.

(f) Interest income

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as doubtful. When a loan is classified as doubtful, uncollected interest for the current year and previous years is charged to the provision for doubtful loans and interest.

Interest payments subsequently received on doubtful loans are recorded as interest income on a cash basis.

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(g) Capital assets

Capital assets are recorded at lower of cost less accumulated amortization and net realizable value. Amortization is provided over the estimated useful lives of the capital assets using the straight-line method at the rates indicated below:

Buildings	up to 25 years
Equipment and furniture	4 to 10 years
Computer equipment and software	5 years
Leasehold improvements	up to 20 years
Vehicles	3 or 4 years

(h) Pension plan

All eligible employees participate only in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Corporation. These contributions are expensed during the period in which the services are rendered and represent the total pension obligations of the Corporation.

(i) Termination benefits

On April 3, 1991, the Board of Directors approved an employee termination policy. On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

4. Discontinued operations

The Corporation sold for cash, substantially all of the assets of its wholly owned subsidiary, DARR (Cape Breton) Ltd. effective March 20, 1992. DARR (Cape Breton) Ltd. operated an apartment/office complex and a hotel in Sydney, Nova Scotia. The proceeds from the sale of the subsidiary were less than the carrying value on the books of ECBC and the loss is included in the total amount of net loss from discontinued operations. The Corporation was instructed by the Treasury Board of Canada to remit the net proceeds to the Consolidated Revenue Fund. As of March 31, 1992, the Corporation had remitted $4.3 million and has established a further $140,848 due to the Consolidated Revenue Fund.

The results of the discontinued operations are:

	March 31 1992 (15 months)	December 31 1990 (12 months)
	$	$
Revenue	1,225,395	952,009
Operating expenses	1,993,388	1,111,017
Writedown of capital assets	700,000	1,000,000
Total expenses	2,693,388	2,111,017
Net loss from discontinued operations	1,467,993	1,159,008

The assets and liabilities of the discontinued operation for March 31, 1992 and December 31, 1990 have been included in the financial statements on a net basis.

	1992	1990
	$	$
Current assets	443,650	432,130
Capital assets		5,723,150
Total assets	443,650	6,155,280
Less		
Current liabilities	446,155	248,944
Net assets (liabilities) of discontinued operations	(2,505)	5,906,336

5. Loans

An analysis of the loan balance outstanding at March 31 is as follows:

Annual interest rate	1992	1991
	$	$
0 %	1,192,600	1,020,026
Less than 8 %	378,990	431,101
8 - 9.95 %	909,139	4,169,917
10 - 11.88 %	3,453,232	3,709,497
12 % and over	296,000	71,607
	6,229,961	9,402,148
Less: Allowance for doubtful loans (Note 6)	2,185,791	5,089,782
Allowance for forgivable loans	1,420,887	1,703,713
	2,623,283	2,608,653

Amounts due by fiscal year based on loan terms are as follows:

	1992	1991
	$	$
Principal past due	579,733	3,456,740
1992		965,459
1993	1,706,553	900,928
1994	998,705	1,252,017
1995	620,726	776,825
1996	555,189	421,998
1997 and beyond	1,769,055	1,628,181
	6,229,961	9,402,148
Interest receivable—		
Current	252,491	139,006
Arrears	86,708	238,774
	339,199	377,780
Less: Allowance for doubtful interest	73,779	217,437
Allowance for forgivable interest	204,864	104,406
	60,556	55,937

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

6. Allowance for doubtful loans

	1992	1991
	$	$
Balance at beginning of the year	5,089,782	4,790,089
Net write-offs	(3,054,146)	(758,621)
Provision for doubtful loans	150,155	1,985,338
Reductions due to restructuring and reinstatements to accrual status		(38,554)
Transferred to forgiveness		(888,470)
Balance at end of the year	2,185,791	5,089,782

The balance comprises 27 loans (1991—30) classified as doubtful.

7. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land for development	532,441		532,441	532,441
Equipment, furniture, leaseholds	835,413	551,196	284,217	280,310
Rental facilities	13,912,631	13,567,624	345,007	5,655,506
Tourist facilities	601,112	473,306	127,806	144,924
Agriculture and forestry facilities	1,159,398	891,032	268,366	320,567
	17,040,995	15,483,158	1,557,837	6,933,748

The categories of rental, tourist, and agriculture and forestry facilities shown above each include land, buildings and equipment. The buildings at the Sydport Industrial Park, with a net book value of $4,643,640, have been written down to one dollar as of March 31, 1992 due to the continued negative cash flow from the Industrial Park. The assets had a cumulative cost of $12,958,269 with corresponding accumulated amortization of $8,314,629. The Port Hawkesbury Industrial Park building was written down by $268,486 to $345,000 based on a recent appraisal. The 1991 net book value of the capital assets of DARR (Cape Breton) Ltd. are included in the net assets of discontinued operations.

8. Funding from Government of Canada

The Government of Canada approved a parliamentary appropriation in the amount of $10,520,000 and the Corporation utilized $10,400,000, the result of a $120,000 expenditure reduction requested by the Treasury Board of Canada.

ENTERPRISE CAPE BRETON CORPORATION—*Concluded*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

9. Contingency

During 1989-90, the Corporation discovered contaminated land in Sydport Industrial Park formerly occupied by a tenant involved in the reclamation of scrap metal. Management undertook to contain the contamination and commenced a controlled clean-up operation. An estimate of $1,000,000 for costs to be incurred during this process had been recorded in the accounts at March 31, 1990. To date the Corporation has spent $680,000 on the clean-up; in management's opinion, the balance of $320,000 is sufficient to complete the clean-up.

A vessel containing asbestos is located adjacent to the contaminated land. The Corporation is involved in legal proceedings with the owner of the vessel. The Corporation may become responsible for the disposal of this vessel as a result of these proceedings. Management estimates that the cost of safely disposing of the vessel could be up to $1 million. This amount has not been provided for in these financial statements as the outcome of the case is not determinable. Any costs resulting from the legal proceedings shall be recognized in the financial statements when they are incurred.

10. Guarantees

During 1976, the Industrial Development Division of the Cape Breton Development Corporation guaranteed the repayment by Sydney Steel Corporation of that Corporation's $70,000,000 11 1/4% Series D Debentures and the repayment of interest thereon. These funds were borrowed by Sydney Steel Corporation for the purpose of financing its plant rehabilitation program. The balance of the outstanding debentures has since been reduced to $18,760,000. The Corporation assumed these guarantees as successor to the Industrial Development Division of the Cape Breton Development Corporation.

11. Commitments

(a) As at March 31 the Corporation had outstanding commitments as follows:

	1992	1991
	$	$
Development assistance	3,192,764	2,010,476
Capital expenditures	29,788	44,224
Loans	548,906	331,457
	3,771,458	2,386,157

(b) Future minimum payments by fiscal year on operating leases for premises, with initial non-cancellable lease terms in excess of one year, are as follows:

	$
1993	59,414
1994	41,820
	101,234

12. Related party transactions

The Corporation had transactions with the Atlantic Canada Opportunities Agency during the year in respect of salaries, professional services and other expenses totalling $331,345 (1991—$210,150). The amount included in accounts receivable was $331,345 (1991—$210,150). Further transactions with other government agencies totalled $156,967 (1991—$217,910).

13. Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

EXPORT DEVELOPMENT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by management in accordance with accounting principles generally accepted in Canada, consistently applied, which conform in all material respects with international accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility. The financial statements include some amounts, such as the allowance for losses on loans and claims, that are necessarily based on management's best estimates and judgement. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements. In support of its responsibility, management maintains financial and management control systems and practices to provide reasonable assurance that the financial information is reliable, that the assets are safeguarded and the operations are carried out effectively. The Corporation has an internal audit department whose functions include reviewing internal controls and their application, on an on-going basis.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which is composed of Directors who are not employees of the Corporation. The Audit Committee meets with management, the internal auditors and the Auditor General of Canada on a regular basis.

The Board of Directors of EDC is responsible for all business undertaken by the Corporation. Contracts which, in the opinion of the Board of Directors, involve risks for a term or an amount in excess of that which the Corporation would normally undertake, may be entered into under the authority of the Governor General in Council where the Minister considers them to be in the national interest. The Board of Directors has the predominant role in the management of this program and is solely responsible for its administration. Funds required for such contracts are paid to the Corporation by Canada, and funds recovered are remitted to Canada, net of amounts withheld to cover related administrative expenses. The administration of accounts on behalf of Canada is shown in Note 13 to the Corporation's financial statements.

The Auditor General of Canada conducts an independent examination, in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. His report is presented on the following page.

Paul Labbé
President and Chief Executive Officer

M.D.J. Bakker
Senior Vice-President Finance and Chief Financial Officer

AUDITOR'S REPORT

TO THE MINISTER FOR INTERNATIONAL TRADE

I have audited the balance sheet of the Export Development Corporation as at December 31, 1991 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Export Development Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 26, 1992

EXPORT DEVELOPMENT CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Cash and marketable securities		
Cash and short-term deposits	764,415	1,127,369
Marketable securities	197,271	165,427
Accrued interest	9,672	17,907
	971,358	1,310,703
Loans receivable (Notes 3 and 4)		
Long-term	5,368,278	5,074,395
Current portion of long-term	1,127,655	903,502
	6,495,933	5,977,897
Accrued interest and fees	114,486	123,182
	6,610,419	6,101,079
Less: allowance for losses on loans (Note 5)	449,202	409,513
	6,161,217	5,691,566
Other		
Recoverable insurance claims (Note 8)	5,162	8,318
Unamortized debt discount and issue expenses and other assets	29,947	29,608
	35,109	37,926
	7,167,684	7,040,195

LIABILITIES	1991	1990
Loans payable (Note 9)		
Short-term	2,196,507	2,195,813
Current portion of long-term	705,462	708,925
	2,901,969	2,904,738
Long-term	3,011,544	2,950,430
	5,913,513	5,855,168
Accrued interest	159,399	179,702
	6,072,912	6,034,870
Other liabilities and deferred revenues		
Accounts payable	33,711	17,700
Deferred insurance premiums	9,708	11,120
Allowance for claims on insurance and guarantees	86,144	46,617
Deferred loan fees and other credits	130,147	143,750
	259,710	219,187
SHAREHOLDER'S EQUITY		
Share capital (Note 10)	788,200	772,000
Retained earnings	46,862	14,138
	835,062	786,138
	7,167,684	7,040,195

Commitments, contingent liabilities and other risks (Notes 6, 7 and 12).

Approved by the Board of Directors:

M. D. J. BAKKER
Chief Financial Officer

CHARLES DIAMOND
Director

PAUL LABBÉ
Director

EXPORT DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Loans and guarantees		
Interest earned	440,855	463,325
Interest relief arrangements	29,336	
Fees earned	42,275	39,466
	512,466	502,791
Less: provision for losses on loans	72,544	77,589
	439,922	425,202
Insurance and guarantees		
Premiums and fees earned	29,980	26,613
Less: provision for claims	19,338	18,424
	10,642	8,189
Investment interest earned	67,399	112,919
	517,963	546,310
Interest expense		
Long-term	263,586	313,431
Short-term	153,969	187,211
	417,555	500,642
Supplementary provision for claims	25,000	
Administrative expenses	42,684	39,365
	485,239	540,007
Net income	32,724	6,303
Retained earnings		
Beginning of year	14,138	7,835
End of year	46,862	14,138

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income	32,724	6,303
Items not affecting cash		
Provision for losses on loans	72,544	77,589
Provision for claims	44,338	18,424
Accrued interest and fees	(2,481)	22,116
Other changes	43,374	(21,811)
Cash provided	190,499	102,621
Lending activities		
Loans receivable disbursed	(1,494,023)	(1,394,594)
Loans receivable repaid	970,009	851,310
Items not affecting cash		
Net (decrease) increase in deferred revenue	(14,894)	10,621
Interest rescheduled	(15,838)	(24,856)
Loan interest reversed	(33,030)	(43,978)
Cash used	(587,776)	(601,497)
Financing activities		
Issue of long-term loans payable	883,042	1,007,885
Repayment of long-term loans payable	(838,851)	(860,215)
Increase in short-term loans payable	15,406	178,352
Issue of share capital	16,200	75,000
Cash provided	75,797	401,022
Decrease in cash and marketable securities	(321,480)	(97,854)
Foreign exchange on opening balance of cash	(9,630)	38,333
Cash and marketable securities		
Beginning of year	1,292,796	1,352,317
End of year	961,686	1,292,796

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991

1. Corporate mandate and activities

Export Development Corporation ("The Corporation") was established on October 1, 1969 by the Export Development Act ("The Act"), a statute of the Parliament of Canada. The Corporation was created as an agent of Her Majesty in right of Canada for the purpose of facilitating and developing trade between Canada and other countries, by the provision of loans, guarantees and insurance. The Corporation is accountable for its affairs to Parliament through the Minister for International Trade.

The Government of Canada has established an understanding that it may seek Parliamentary appropriations to eliminate any losses the Corporation might incur.

The Corporation is not subject to the requirements of the Income Tax Act with respect to its earnings.

As an export credit agency and an agent of Her Majesty in right of Canada, the Corporation benefits from Canada's membership in the Paris Club, an international group, formed to deal on a multilateral basis with payment difficulties experienced by sovereign entities. Through the auspices of this Club and with subsequent negotiation, rescheduling agreements are arranged coupled with the implementation of International Monetary Fund disciplines to alleviate these payment problems.

The Government of Canada is of the view that the evolution of the international debt strategy could lead to concerted multilateral agreement to provide debt and debt service reduction by creditor governments in order to facilitate approved economic adjustment programs by certain debtor countries. The Government of Canada has undertaken to compensate the Corporation fully for any financial consequences arising from the Government's participation in multilateral activities to provide debt and debt service reduction. As a result, no provision for any such financial consequences is provided for in these financial statements.

The Act allows the Corporation to have outstanding loans and commitments to foreign borrowers up to a maximum of $15 billion. As at December 31, 1991, the position against this limit, determined in accordance with the requirements of the Act, is $8.7 billion (1990—$8.1 billion).

The Act also specifies that the Corporation can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $15 billion. The position against the limit determined in accordance with the requirements of the Act, is $5.4 billion (1990—$4.8 billion).

As an agent of Her Majesty in right of Canada, all of the Corporation's borrowings carry the full faith and credit of Canada. The Act allows the Corporation to borrow up to a maximum of ten times the aggregates of its paid-in capital from time to time and the retained earnings, if any, determined in accordance with the most recent audited financial statements. This limit for borrowing is $8.0 billion (1990—$7.7 billion), against which borrowings amounted to $5.9 billion (1990—$5.9 billion).

The Corporation enters into transactions with other Government departments, agencies and Crown corporations in the normal course of business.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with accounting principles generally accepted in Canada, consistently applied, and conform in all material respects with international accounting standards. A summary of significant accounting policies follows:

Marketable securities

Marketable securities are recorded at market value. Gains and losses are included with investment interest earned.

Loans receivable

Loans receivable, mainly to sovereign entities, are stated in the Canadian dollar equivalent of the original amounts disbursed and include where applicable interest capitalized as part of the rescheduling or restructuring process of loans with payment difficulties.

Loans are classified as current or non-current. Non-current loans are those where there is significant doubt as to collectibility in the short to medium term, where significant payments have not been received for a period of one year after a rescheduling agreement has been signed, or two years where rescheduling measures have not been undertaken.The capitalization of interest in subsequent rescheduling agreements for non-current loans is not recognized for accounting purposes.

Loan interest and fees

Loan interest is recorded on the accrual basis until such time as significant payments have not been received for a period of 180 days, or when management determines that a loan should be classified as non-current.

When a loan is classified as non-current, the Corporation terminates all interest and accruals, and reverses previously accrued interest against the allowance for losses on loans over a period of up to 12 months.

Any interest payment on a non-accrual loan is recorded as interest income when received.

Loans are restored to an accrual basis when regular repayment patterns of all or substantially all amounts due have been established.

Loan fees are taken into income over the disbursement and repayment periods of a loan.

Interest relief arrangements

In accordance with the terms of multilateral debt relief and debt service agreements between the Government of Canada and sovereign borrowers, the Corporation accrues as interest revenue amounts due from the Government.

Allowance for losses on loans

The allowance for losses on loans is based on a review of collectibility, at least annually, of all loans to commercial and sovereign borrowers.

As the result of the review of all loans to commercial borrowers, the Corporation charges to income an amount sufficient to specifically provide for potential losses on the commercial loans receivable portfolio to reflect the impairment of the related commercial loan assets.

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991—*Continued*

In addition to specific allowances for losses on commercial loans, the Corporation prudently sets aside a general allowance based on management's best estimates on the commercial and sovereign loans receivable portfolio for which no specific provision has been made.

It is management's opinion, based on the Corporation's experience, that except in the rare instances of outright repudiation or the write-off of asset value agreed to by creditors, the ultimate collectibility of a sovereign obligation is not subject to question although indefinite delays in repayment of principal and interest may have to be accepted.

Recoverable insurance claims

Recoverable insurance claim payments are recorded at estimated recoverable values. Subsequent net gains or losses on recovery are credited or charged to the allowance for claims on insurance and guarantees.

Allowance for claims on insurance and guarantees

The allowance for claims on insurance and guarantees, which is based on a review of net loss experience and potential net losses, represents management's best estimate of the liability for insured events that have occurred and can be reasonably estimated. This amount includes a supplementary provision for claims, shown separately in the statement of income, to reflect the large size of individual policy risks taken on from time to time.

Insurance premiums

Insurance premiums and fees are earned in Canada. For short-term insurance policies, premiums are taken into income at the commencement of coverage. Premiums on other export insurance policies are taken into income using methods that generally reflect the exposures over the terms of the policies.

Interest expense

Interest expense includes hedging expenses, derivative financial instruments costs,and the amortization of debt discount and issue expenses that are charged to income over the life of the debt.

Translation of foreign currency

The Corporation hedges its U.S. dollar assets and liabilities on a total portfolio basis. Any net exposure to future changes in the U.S. dollar foreign exchange rate is due to short-term timing differences in cash flows. It is the Corporation's policy to manage assets and liabilities denominated in U.S. dollars in such a way as to minimize this net exposure. All assets and liabilities in foreign currencies other than U.S. dollars are specifically hedged to minimize exposures. All assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at year-end.

Income and expenses are translated at average monthly exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are reported with investment interest earned.

Other financial instruments

The Corporation uses a variety of off-balance sheet derivative financial instruments, such as forward exchange contracts and currency swaps, interest rate swaps, options, caps and floors, and futures, to reduce market and credit risks and to reduce funding costs.

These instruments are marked to market and, with the exception of instruments designated as hedges, realized and unrealized gains and losses are included in income. Gains or losses arising from transactions designated as hedges are deferred and recognized in income over the remaining life of the hedged item. The costs of issuing these instruments are included in interest expense.

3. Loans receivable

Loans receivable from both sovereign and commercial borrowers are mostly at fixed interest rates established in competition with similar export credit agencies in other countries.

These loans mature as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
Non-current	1,705,622	1,323,811
Within 12 months		
—Fixed	574,572	519,265
—Floating	499,556	334,176
Overdue	53,527	50,061
1992		750,181
1993	583,355	505,019
1994	525,589	497,399
1995	480,021	443,737
1996	418,995	377,516
1997 and thereafter	1,654,696	1,176,732
Total	6,495,933	5,977,897
Commercial loans included above	1,272,103	942,694
Floating rate loans, generally based on LIBOR rates, included in total loans	2,502,492	2,134,249
The geographic distribution of these loans is as follows:		
Pacific and Asia	1,376,426	1,215,893
Middle East and Africa	1,499,005	1,590,381
Europe	875,654	856,678
North America and Caribbean	1,458,093	1,085,764
South America	1,286,755	1,229,181
Total	6,495,933	5,977,897

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991—*Continued*

4. Non-current loans receivable

The geographic distribution of non-current loans and off-balance sheet non-accrued interest is as follows:

	December 31			
	1991		1990	
	Principal	Interest	Principal	Interest
	(in thousands of dollars)			
Pacific and Asia				
Middle East and Africa	695,840	192,636	604,746	129,327
Europe	242,421	230,441	242,736	218,007
North America and Caribbean	75,069	63,241	57,948	46,817
South America	692,292	368,882	418,381	254,157
Total	1,705,622	855,200	1,323,811	648,308
Commercial loans included above	21,431	5,391	5,288	4,736

The total non-accrued interest revenue during the year was $181,878 (1990—$185,290).

The Corporation received interest payments of $52,965 in 1991 (1990—$15,070) from countries designated as non-current. This amount was taken into income on a cash basis.

5. Allowance for losses on loans

The allowance for losses is as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
General allowance	368,417	402,504
Specific allowance	80,785	7,009
Total balance sheet allowance	449,202	409,513

During the year, the amount charged to the allowance was $32,855 (1990—$44,027), mainly comprising interest previously accrued.

6. Loan commitments

The Corporation had undisbursed commitments on signed loan agreements of $1,860 million (1990—$1,894 million).

The Corporation expects to fund these undisbursed commitments near the time of their disbursement, typically over a three-year period, by issuing a combination of debt instruments in world capital markets at commercial rates of interest and capital stock. The Corporation generally attempts to match debt maturities and currencies with those of its loans.

7. Insurance and guarantees

The geographic distribution of insurance in force and guarantees of the Corporation is as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
Pacific and Asia	839,169	795,639
Middle East and Africa	436,219	525,318
Europe	895,713	898,819
North America and Caribbean	1,259,716	1,029,274
South America	556,164	362,022
Total	3,986,981	3,611,072

8. Recoverable insurance claims (in thousands of dollars)

In 1991, the Corporation paid claims on insurance of $13,635 (1990—$28,149), and recovered claims of $12,469 (1990—$4,945). Claims of $4,363 (1990—$20,013) were charged to the allowance for claims in 1991.

9. Loans payable

The Corporation issues debt instruments in world capital markets at commercial rates of interest. Long-term instruments were issued by the Corporation in U.S. dollars, Deutsche marks, Japanese yen, Italian lire, Finnish markka, European Currency Units (ECU), Swiss francs and Canadian dollars. Most non-U.S. dollar issues were swapped to U.S. dollars.

Currencies of repayment of these instruments are as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
U.S. dollars	3,362,534	3,293,333
ECU	154,209	127,406
Canadian dollars	189,076	226,587
Swiss francs	11,187	12,029
Total	3,717,006	3,659,355

Total loans payable mature as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
Within 12 months		
—Fixed	415,267	457,026
—Floating	2,486,702	2,447,712
1992		725,860
1993	752,011	760,276
1994	585,535	123,743
1995	72,173	72,173
1996	338,033	311,718
1997 and thereafter	1,263,792	956,660
Total	5,913,513	5,855,168
Commercial loans included above at fixed rates	2,557,804	2,372,819
Floating rate and short-term fixed rate revolving loans	3,355,709	3,482,349

10. Share capital

The authorized share capital is $1.5 billion consisting of 15 million shares with a par value of $100 each. The number of shares issued and fully paid is 7,882 thousand (1990—7,720 thousand). During the year, the Corporation has issued 162 thousand shares (1990—750 thousand) for a consideration of $16.2 million (1990—$75 million).

EXPORT DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991—*Concluded*

11. Foreign currency balances

The Corporation has substantial assets and liabilities in U.S. dollars and in other currencies. The Canadian dollar equivalent after taking into consideration forward exchange contracts is as follows:

	December 31	
	1991	1990
	(in thousands of dollars)	
U.S. dollars		
Assets	5,783,414	5,489,990
Liabilities	5,576,200	5,335,082
Net balance	207,214	154,908
Rate of exchange U.S. $1.00	1.1555	1.1599
Other currencies		
Assets	395,950	376,000
Liabilities	432,059	392,138
Net balance	(36,109)	(16,138)

12. Financial instruments with off-balance sheet risk

In any transaction there is always an inherent risk of loss. These risks may be classified as credit risks, wherein the counter-party to a transaction does not perform as agreed, or market risks where an exposure exists as a result of changes in foreign exchange and interest rates.

The Corporation limits its exposure to credit risk by dealing only with financial institutions having very high credit ratings. Internal procedures establish proper credit approvals, controls and monitoring. As at December 31, 1991, the largest singular exposure to any institution amounted to $57 million (1990—$74 million). To limit its exposure to market risk, and to reduce its funding costs, the Corporation, during the year, used hedges and derivative financial instruments with off-balance sheet risk. Financial instruments with contractual or notional principal amounts outstanding as at December 31, 1991 were as follows:

	December 31	
	1991	1990
	(in millions of dollars)	
Foreign exchange contracts	1,826	2,286
Currency swaps	1,396	1,693
Interest rate swaps	1,231	1,339
Interest rate caps sold, exposure until 1998 (U.S. dollars)	350	350
Interest rate options written, expire August 1, 1996 (U.S. dollars)	150	150

13. Accounts administered for Canada

(a) Pursuant to the Act, the Corporation administers for Canada certain loans and insurance programs entered into under the authority of the Governor in Council for which the Board of Directors has the predominant role in the management of the program and is solely responsible for its administration. These accounts are maintained separately from the Corporation's accounts, and are consolidated annually as at March 31 with the financial statements of the Government of Canada which are reported upon separately by the Auditor General of Canada. The assets administered for Canada, mainly loans receivable and accrued interest and fees recorded in accordance with accounting policies and practices approved by the Government of Canada, amounted to $1,537 million (1990—$1,256 million).

In 1991, the Corporation received from the Government $10.4 million (1990—$8.4 million) as a recovery of its administrative costs.

(b) Statutory limits, commitments and insurance in force

The Act allows the Accounts administered for Canada to have outstanding loans and commitments to foreign borrowers up to a maximum of $6 billion. The position against this limit, determined in accordance with the requirements of the Act, is $1,780 million (1990—$1,532 million).

The Act also specifies that the Accounts administered for Canada can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $7 billion. The position against this limit, determined in accordance with the requirements of the Act, is $152 million (1990—$89 million). Insurance in force for the Accounts administered for Canada included in the above positions amounted to $152 million (1990—$84 million).

FARM CREDIT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of the Corporation's management and have been approved by the Board of Directors. The financial statements include some amounts, such as the allowance for loan losses and the valuation of real estate acquired in settlement of loans, that are necessarily based on management's estimates and judgement.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have full and free access to the Audit Committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and for issuing his report thereon.

James J. Hewitt
Chairman and Chief Executive Officer

Max Pierce
Senior Vice-President
Finance

AUDITORS' REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of Farm Credit Corporation as at March 31, 1992 and the statements of operations and deficit and changes in cash position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Farm Credit Act and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 28, 1992

FARM CREDIT CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash and short-term investments	98,690	182,076
Accounts receivable	17,419	13,327
Loans receivable, net of allowance for loan losses of $160,000 (1991—$232,665) (Notes 3 and 4)	3,340,592	3,378,346
Real estate acquired in settlement of loans (Note 5)	222,595	224,711
Office equipment and leasehold improvements	5,061	5,452
Unamortized debt discount and issue expenses	4,048	6,470
	3,688,405	3,810,382

LIABILITIES	1992	1991
Accounts payable and accrued liabilities	7,641	7,198
Downpayments on real estate sales	6,926	5,042
Short-term notes	144,828	306,544
Provision for head office relocation (Note 6)	11,391	
Provision for employee termination benefits	4,192	3,447
Loans payable (Note 7)	3,245,297	3,341,587
	3,420,275	3,663,818
EQUITY		
Contributed capital (Note 9)	1,118,333	1,018,333
Deficit	(850,203)	(871,769)
	268,130	146,564
	3,688,405	3,810,382

The accompanying notes are an integral part of the financial statements.

Approved:

JAMES J. HEWITT
Chairman and Chief Executive Officer

GEORGE KLOSLER
Director

FARM CREDIT CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Interest income		
Loans receivable	355,385	370,928
Short-term investments	12,982	19,860
	368,367	390,788
Interest expense		
Loans payable	300,636	325,625
Short-term notes	21,368	17,772
	322,004	343,397
Net interest income	46,363	47,391
Provision (recovery of provision) for loan losses (Note 4)	(12,796)	3,684
Net interest income after provision for loan losses	59,159	43,707
Lease and other revenue from real estate, net of operating expenses of $4,748 (1991—$6,783)	33,765	34,170
Other income	3,682	1,284
Net income before non-interest expenses	96,606	79,161
Administrative expenses	55,716	52,544
Provision for head office relocation (Note 6)	13,300	
Income taxes—Large corporations tax (Note 10)	6,024	6,173
Net income for the year	21,566	20,444
Deficit at beginning of the year	(871,769)	(892,213)
Deficit at end of the year	(850,203)	(871,769)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN CASH POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net income for the year	21,566	20,444
Items not involving cash		
Provision (recovery of provision) for loan losses	(12,796)	3,684
Change in accrued interest receivable	21,163	20,286
Change in accrued interest payable	(3,743)	(13,405)
Provision for head office relocation	11,391	
Other	5,026	(7,365)
Cash provided by operating activities	42,607	23,644
Investing activities		
Loans receivable disbursed	(339,728)	(184,530)
Loans receivable repaid	325,699	248,511
Proceeds from disposal of real estate	45,532	60,687
Other	(3,232)	(4,897)
Cash provided by investing activities	28,271	119,771
Financing activities		
Loans from Canada	515,500	256,250
Loans repaid to Canada	(338,548)	(388,321)
Loans repaid to capital markets	(269,500)	(273,460)
Increase in contributed capital	100,000	200,000
Change in short-term notes	(161,716)	196,088
Cash used in financing activities	(154,264)	(9,443)
Increase (decrease) in cash and short-term investments	(83,386)	133,972
Cash and short-term investments at beginning of the year	182,076	48,104
Cash and short-term investments at end of the year	98,690	182,076

The accompanying notes are an integral part of the financial statements.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. The Corporation

(a) Authority and objectives

Farm Credit Corporation ("the Corporation") was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board and is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Corporation makes and administers farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act, and administers programs as requested by the Government of Canada ("the government").

The Corporation's role, as clarified in the Corporate Plan approved in 1988, is to provide mortgage credit and complementary financial services to Canadian farmers on a break-even basis and, when called upon by the government, to deliver specific government programs on a cost-recovery basis.

The Corporation is discussing possible changes to the Farm Credit Act and Farm Syndicates Credit Act with the government. These changes would, among other things, provide for the relocation of the Corporation's head office to Regina, Saskatchewan, streamline administrative practices and provide for a marginal expansion of the Corporation's leading mandate.

(b) Financial restructuring

The government approved a financial restructuring for the Corporation which covered a four-year period ended March 31, 1992 and established operating policies and management guidelines within which the Corporation is to operate.

2. Significant accounting policies

(a) Revenue recognition

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as non-accrual. A loan is classified as non-accrual when:

1) principal or interest is six months past due, unless the loan is well secured, or
2) circumstances indicate doubt as to the ultimate collectibility of principal or interest.

When a loan is initially classified as non-accrual, uncollected interest recognized in the year is reversed against interest income and, where necessary, uncollected interest recognized in previous years is provided for in the allowance for loan losses.

Interest payments on non-accrual loans are recorded as interest income when received where it has been determined that the loan does not require a specific provision for loss; otherwise, they are credited to principal.

Non-accrual loans return to accrual status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured.

Lease and other revenues from real estate are recorded when earned.

Loan fees and charges are recorded as other income when earned.

(b) Allowance for loan losses

The allowance for loan losses represents management's best estimate of probable losses on the loans outstanding at the end of the year in light of current conditions. It has a specific and a general component.

The specific component is determined based on a loan-by-loan review of undersecured loans. Specific provisions are established for individual loans, where circumstances indicate doubt as to the ultimate collectibility of principal or interest, to value these loans at the lower of their recorded investment or the estimated net realizable value of the underlying security for the loans.

The general component, which is prudential in nature, is established to provide for losses on loans which cannot yet be identified on a loan-by-loan basis. In addition, as a single industry lender, the Corporation is particularly subject to adverse economic trends and other risks and uncertainties affecting certain agricultural regions or sectors. Accordingly, management has also considered the impact of such factors as land value trends, federal and provincial government programs, international trade negociations, and future commodity prices and climatic conditions in establishing the general component of the allowance. However, future agricultural and economic conditions are not predictable with certainty and, therefore, actual loan losses may vary from management's estimate.

The government has announced its intention to reimburse the Corporation for concessions it will make to farmers during the next year as a result of its participation in the Farm Debt Review process. The type of concessions to be made through the process, and the extent to which they will reduce the Corporation's loan losses, are not presently known. They are, therefore, not included in establishing the allowance for loan losses.

Actual loan losses, write-downs of acquired real estate, and losses on the sale of real estate are charged to the allowance while recoveries are credited to the allowance. Adjustments of the allowance to the level regarded by management as being appropriate are applied to operations.

(c) Real estate acquired in settlement of loans

Real estate is recorded at the lower of the amount of the loan outstanding or the estimated net realizable value at the time of acquisition. Subsequent declines in estimated net realizable value are charged to the allowance for loan losses in the year in which they occur.

(d) Farm Debt Review process

Amounts received from the government on behalf of farmers for concessions granted by the Corporation under the Farm Debt Review process are applied as if they had been received directly from the farmers.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(e) Office equipment and leasehold improvements

Office equipment and leasehold improvements are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of office equipment and leasehold improvements according to the following methods and rates:

	Methods	Rates
Equipment and furniture	Declining balance	20%
Computer equipment and software	Straight-line	20%
Leasehold improvements	Straight-line	Lease term plus the first renewal option

(f) Debt discount and issue expenses

Debt discount and issue expenses are amortized on a straight-line basis over the life of the debt and are included in interest expense on loans payable.

(g) Translation of foreign currencies

Loans and related interest payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are included with debt discount and issue expenses. These amounts are amortized on a straight-line basis and are charged to interest expense over the lives of the obligations.

(h) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contributions to the plan are limited to matching the employees' contributions for current service. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Corporation.

(i) Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(j) Income taxes

The Corporation follows the tax allocation method of providing for income taxes. The cumulative differences between tax calculated on such a basis and taxes currently payable are essentially timing differences and result in deferred income taxes. The Corporation has deferred tax benefits which have not been recorded and will only be recognized when there is virtual certainty that they will be realized.

3. Loans receivable

	Annual interest rate	1992	1991
	%	(in thousands of dollars)	
Loans to farmers, secured by mortgages	5-15	3,333,738	3,416,781
Loans to farm syndicates, secured by notes	7-14 5/8	11,683	6,607
Loans receivable from real estate sales, secured by agreements for sale or mortgages	5-14 7/8	35,486	35,470
		3,380,907	3,458,858
Accrued interest—Current		84,781	88,862
—Arrears		34,904	63,291
		3,500,592	3,611,011
Less: allowance for loan losses		160,000	232,665
		3,340,592	3,378,346

At March 31, 1992, the Corporation had 4,209 loans representing $445 million of loans receivable classified as non-accrual (1991—4,333 representing $485 million). During the year, interest not recognized on non-accrual loans amounted to $21 million (1991—$22 million). The accumulated interest not recognized on non-accrual loans outstanding at March 31, 1992 amounted to $73 million (1991—$82 million).

4. Allowance for loan losses

The summary is as follows:

	1992	1991
	(in thousands of dollars)	
Balance at beginning of the year	232,665	279,365
Write-offs, net of recoveries	(40,336)	(42,137)
Declines in value of real estate	(19,533)	(8,247)
Provision (recovery of provision) for loan losses	(12,796)	3,684
Balance at end of the year	160,000	232,665
Specific allowance	47,000	48,665
General allowance	113,000	184,000
Balance at end of the year	160,000	232,665

5. Real estate acquired in settlement of loans

The summary is as follows:

	1992	1991
	(in thousands of dollars)	
Balance at beginning of the year	224,711	178,281
Acquisitions	66,329	110,316
Disposals	(48,912)	(55,639)
Declines in value of real estate	(19,533)	(8,247)
Balance at end of the year	222,595	224,711

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

Real estate represents farm property acquired in the process of administering loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

Real estate under long-term lease may be subject to renewal at the expiry of the original lease term. Lease maturities by fiscal year are as follows:

	1992
	(in thousands of dollars)
Not currently leased	30,074
1993	56,469
1994	84,699
1995	50,675
1996	678
	222,595

6. Head office relocation

The Corporation intends to relocate its head office to Regina, Saskatchewan effective September 1992. Estimated expenses associated with this move have been charged to operations in the current year.

7. Loans payable

	Annual interest rate	1992	1991
	%	(in thousands of dollars)	
Loans from Canada, secured by notes			
Farm Credit Act	6-12 1/8	2,485,599	2,309,233
Farm Syndicates Credit Act	7 5/8-11	5,123	4,536
Loans from capital markets, secured by notes			
Farm Credit Act payable in:			
U.S. dollars (375,000,000)	9-10 3/4	507,987	507,987
Swiss Francs (100,000,000)	11	59,666	59,666
Japanese Yen (7,660,000,000)	9 1/4		69,500
Canadian dollars	10 3/4-12 1/8	105,000	305,000
		3,163,375	3,255,922
Accrued interest		81,922	85,665
		3,245,297	3,341,587

	1992	1991
Amounts due by fiscal year are as follows:		
1992		408,816
1993	385,732	468,387
1994	603,998	585,510
1995	355,430	351,699
1996	313,185	314,414
1997	526,161	458,624
1998 to 2005	978,869	668,472
	3,163,375	3,255,922
Accrued interest	81,922	85,665
	3,245,297	3,341,587

As part of the financial restructuring, $100 million of loans from Canada (1991—$200 million) was repaid during the year from the increase in contributed capital. The government decided that no interest would be payable on these loans from October 1, 1991 to the date on which they were repaid.

8. Limits on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the contributed capital of the Corporation. At March 31, 1992, the Corporation's outstanding borrowings under this Act, comprising short-term notes of $141 million and loans payable of $3,163 million, were 2.96 times the contributed capital of $1,118 million (1991—3.49 times the contributed capital of $1,018 million).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to $25 million. At March 31, 1992, the Corporation's loans from Canada under this Act were $5 million (1991—$5 million).

9. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit was increased by $100 million in the current year to $1,125 million (1991—$1,025 million).

As part of the financial restructuring, Canada increased its contributed capital by $100 million. The Corporation has applied these amounts to the repayment of loans from Canada.

10. Income taxes

(a) Timing differences of approximately $214 million are available to the Corporation as at March 31, 1992. These have not been recognized in the accounts since they will not be used in the foreseeable future. They result primarily from differences between the provision for loan losses charged to operations and the amount claimed for income tax purposes.

In addition, the loss carry-forward for income tax purposes which has not been recognized in the financial statements amounts to $763 million and expires on the dates indicated:

	(in thousands of dollars)
March 31, 1995	89,000
March 31, 1996	194,000
March 31, 1997	480,000
	763,000

During the current year the Corporation will incur no income tax expense, other than the large corporations tax, due to the utilization of $21 million in loss carry-forwards.

(b) Income taxes payable by the Corporation relate to the large corporations tax, which may be offset against any current or future surtaxes payable. The Corporation has no surtax currently payable.

FARM CREDIT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

11. Commitments to farmers

As at March 31, 1992, loans to farmers approved but not disbursed amounted to $58 million (1991—$47 million). These loans were approved at interest rates from 9 per cent to 12.25 per cent. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1992.

12. Operating leases

Future minimum payments by fiscal year on operating leases for premises, with initial non-cancellable lease terms in excess of one year, are as follows:

	(in thousands of dollars)
1993	3,823
1994	3,093
1995	2,728
1996	2,105
1997	1,095
1998 to 2000	735
	13,579

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of the amounts established at the commencement of the lease term.

13. Government program

Farm Debt Review process

During the year, the Minister of Agriculture was authorized to make contributions to farmers, payable to the Corporation. These payments are based on concessions that the Corporation has granted to farmers under arrangements made pursuant to the Farm Debt Review Act. The Corporation is reimbursed at the time farmers realize the benefits of the concessions, which may be over a period as long as five years. These concessions cease if the farmers fail to meet their commitments, or the Corporation proceeds with recovery action.

The government has announced its intention to extend the fund to cover concessions to be granted over the period ending March 31, 1993. Since the inception of the Farm Debt Review process, the Corporation has offered $217 million in concessions and billed $163 million to the government of which $42 million was billed in the current year and $121 million in prior years. The committed difference of $54 million will be due and received over the next five years as farmers meet their commitments and thereby realize the benefits of the concessions.

14. Comparative figures

Certain 1991 comparative figures have been reclassified to reflect the presentation adopted in 1992.

FEDERAL BUSINESS DEVELOPMENT BANK

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements were prepared by the management of the Federal Business Development Bank in accordance with accounting principles generally accepted in Canada, which were consistently applied. The financial data contained in other sections of this annual report is consistent with the content of the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains a system of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by audit and inspection staff who conduct periodic reviews of different aspects of the Bank's operations. In addition, the Vice-President, Internal Audit, and the Independent Auditors have full and free access to the Audit Committee of the Bank's Board of Directors which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

These financial statements have been examined and reported upon by the Bank's independent auditors, Raymond, Chabot, Martin, Paré and Associates, Chartered Accountants and the Auditor General of Canada.

Guy A. Lavigueur
President

AUDITORS' REPORT

TO THE MINISTER OF
INDUSTRY, SCIENCE AND TECHNOLOGY
AND
TO THE MINISTER OF STATE
(SMALL BUSINESSES AND TOURISM)

We have audited the balance sheet of the Federal Business Development Bank as at March 31, 1992 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Bank that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Federal Business Development Bank Act, the by-laws of the Bank and with the directive given to the Bank as disclosed in Note 5.

Raymond, Chabot, Martin, Paré and Associates
Chartered Accountants

Montreal, Canada
May 22, 1992

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 22, 1992

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

BALANCE SHEET AS AT MARCH 31
(in thousands of dollars)

ASSETS	1992	1991
Cash and short-term investments	166,174	147,458
Loans	2,663,330	2,708,366
Venture capital investments (Note 3)	40,390	48,255
Interest due and accrued	8,333	12,454
	2,712,053	2,769,075
Less: accumulated provision for losses (Note 4)	256,564	240,893
	2,455,489	2,528,182
Long-term investment (Note 5)		79,000
Capital assets, net of accumulated amortization	4,592	3,862
Unamortized debt issue expenses	3,835	6,566
Accrued interest on swap contracts	11,625	16,497
Other assets	6,929	7,552
	2,648,644	2,789,117

LIABILITIES	1992	1991
Short-term notes	626,068	296,814
Accrued interest on notes and swap contracts	66,877	104,595
Other liabilities	28,895	35,546
	721,840	436,955
Long-term notes (Note 6)	1,623,058	1,974,049
Unamortized premiums (net) on long-term notes	3,525	10,073
	2,348,423	2,421,077
SHAREHOLDER'S EQUITY		
Capital paid in by Canada (Notes 8 and 9)	590,000	580,600
Deficit	(289,779)	(212,560)
	300,221	368,040
	2,648,644	2,789,117

Approved by the Board:

BERTRAND J. LAVOIE
Director

GUY A. LAVIGUEUR
Director

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1992	1991
Financial Services		
Interest and investment income		
Loans	329,602	366,697
Venture capital investments	7,261	4,810
	336,863	371,507
Interest expense		
Long-term notes	185,103	228,833
Short-term notes (net)	28,213	9,808
	213,316	238,641
Net interest and investment income	123,547	132,866
Provision for losses on loans and venture capital investments	40,469	51,459
Net interest and investment income after provision for losses	83,078	81,407
Non-interest expenses		
Salaries and staff benefits	51,070	47,899
Premises and equipment, including amortization	10,692	11,314
Other expenses	19,428	19,252
	81,190	78,465
Income from normal operations before unusual item (Note 12)	1,888	2,942
Unusual item		
Write-down of long-term investment in Cominco Ltd. (Note 5)	(79,000)	
Net income (loss)	(77,112)	2,942
Income from normal operations attributable to		
Loans Division	658	4,282
Venture Capital Division	1,230	(1,340)
Management Services		
Expenditures		
Salaries and staff benefits	21,211	19,624
Premises and equipment	2,952	2,775
Other expenses	7,149	7,498
	31,312	29,897
Revenue from CASE counselling, training seminar registration and other activities	15,956	14,593
Net expenditures	15,356	15,304
Parliamentary appropriation	15,249	15,026
Unfunded expenses	107	278
Net expenditures were incurred as follows		
Management Counselling	8,928	9,595
Management Training	6,428	5,709
	15,356	15,304

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1992	1991
Deficit, beginning of year	(212,560)	(215,224)
Net income (loss), Financial Services	(77,112)	2,942
Unfunded expenses, Management Services	(107)	(278)
Deficit, end of year	(289,779)	(212,560)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1992	1991
Operations		
Net income (loss), Financial Services	(77,112)	2,942
Unfunded expenses, Management Services	(107)	(278)
Items not requiring an outlay of cash		
Write-down of long-term investment in Cominco Ltd.	79,000	
Provision for losses	40,469	51,459
Amortization of capital assets	1,469	2,043
Amortization of net premiums and debt issue expenses	(5,252)	(8,720)
Net change in accrued interest	(28,725)	7,143
Net change in other assets and other liabilities	(6,028)	14,028
	3,714	68,617
Disbursements to borrowers and investees	(462,422)	(460,796)
Repayments by borrowers and investees	486,957	431,152
Other	1,369	(1,045)
Cash provided by operations	29,618	37,928
Treasury		
Issue of long-term notes	383,935	299,861
Repayment of long-term notes	(734,926)	(452,829)
Net change in short-term notes	329,254	124,457
Amount paid in by appropriation	9,400	
Net premiums and debt issue expenses	1,435	1,545
Cash used by treasury	(10,902)	(26,966)
Cash and short-term investments		
Increase	18,716	10,962
Beginning of year	147,458	136,496
End of year	166,174	147,458

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Act of incorporation, objectives and operations of the Corporation

Federal Business Development Bank is a Crown corporation wholly-owned by the Government of Canada, which was established December 20, 1974, by the Federal Business Development Bank Act and commenced operations on October 2, 1975, as the successor to the Industrial Development Bank.

The objectives of the Bank, as stated in the Act, are to promote and assist in the establishment of business enterprises in Canada by providing financial assistance, management counselling and training, giving particular consideration to the needs of small business enterprises.

The Bank's lending and venture capital operations are carried out by Financial Services. Management Services includes counselling and training. A statement of operations is shown for Management Services since it is funded separately by parliamentary appropriation.

Federal Business Development Bank is for all purposes of its Act an agent of the Government of Canada. The Bank's loan portfolio is funded primarily by the sale of debt securities issued by the Bank. Such borrowings carry the full faith and credit of Canada.

The Bank is named in Part I of Schedule III to the Financial Administration Act and is exempt from income taxes.

2. Significant accounting policies

Short-term investments

Short-term investments are recorded on an amortized cost basis.

Loans and venture capital investments

Loans are recorded at principal amounts. Venture capital investments are recorded at cost.

Provision for losses on loans and venture capital investments

The provision for losses on loans is based upon historical experience and the level of loan losses anticipated. This amount is charged against income and added to the accumulated provision for losses to bring it to an amount considered adequate to absorb anticipated credit related losses.

The provision for losses on venture capital investments is established on an account by account basis.

Revenue recognition

Interest on loans is recorded as income on an accrual basis except that interest is not accrued on loans where management believes that the interest will not be recovered. Dividends, interest and capital gains on venture capital investments are recorded as income when received.

Capital assets and amortization

Capital assets acquired by Financial Services are recorded at cost and amortized over their estimated useful lives using the straight-line or diminishing-balance methods.

For Management Services, all capital expenditures are charged against income in the year of acquisition as these are funded by parliamentary appropriation.

Premiums, discounts and debt issue expenses

Premiums, discounts and expenses related to the issue of debt are amortized on a straight-line basis over the term of the obligations to which they pertain and charged to interest expense.

Translation of foreign currencies

Notes payable in foreign currencies and interest thereon, are fully hedged by foreign exchange forward contracts or by currency swap agreements and are translated into Canadian dollars at the rates provided therein. The difference between the principal amount payable at maturity at the contracted rate and the cash proceeds of the issue is considered to be an element of financing costs and is therefore amortized to interest expense over the life of the obligation on a straight-line basis. The unamortized portion of these amounts is included with unamortized debt issue expenses in the balance sheet.

Hedging activities

The Bank engages in a variety of hedging activities through the use of interest rate swap agreements, currency swap agreements, foreign exchange forward contracts, forward rate agreements and interest rate futures contracts. Any resulting gains or losses from the above instruments are recorded as adjustments to interest expense.

Pension plan

The Bank maintains a contributory, defined benefit pension plan for eligible employees. Periodic actuarial evaluations are performed by independent actuaries to determine the value of accrued pension benefits and the costs of the plan. Pension expense for the year is comprised of the aggregate of:

- — the cost of pension benefits provided in respect of current service and,
- — the amortization over the expected average remaining service life of employees for adjustments arising from changes in the plan or assumptions, experience gains or losses and the plan funding excess or deficiency determined by the latest actuarial valuation.

The cumulative difference between the amounts of pension expense and funding contributions is recorded in "Other liabilities" or "Other assets" as applicable.

Employee termination entitlements

Employees of the Bank are eligible to specified termination entitlements, calculated at salary levels in effect at the time of termination, as provided under the conditions of employment.

The present value of the projected costs of unpaid employee termination entitlements, as determined by actuarial valuation, is recorded in "Other liabilities". Such benefits accruing to employees, together with gains and losses resulting from actuarial valuation and any adjustments arising from changes in assumptions, which are amortized over the expected average remaining service life of employees, are recorded as an expense in the current year.

Parliamentary appropriation for Management Services

Net expenditures for Management Services include certain expenses such as employee termination entitlements and pension plan accruals which are not funded by parliamentary appropriation until they are disbursed.

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

3. Venture capital investments

	1992	1991
	(in thousands of dollars)	
Shares	32,216	27,816
Shareholder advances	196	911
Participating debentures	2,179	14,315
Convertible debentures	5,799	5,213
	40,390	48,255

4. Accumulated provision for losses

	1992	1991
	(in thousands of dollars)	
Accumulated provision, beginning of year	240,893	214,559
Amounts written off during the year	(28,366)	(26,587)
Recovery of amounts previously written off	3,568	1,462
	216,095	189,434
Provision for the year	40,469	51,459
Accumulated provision, end of year	256,564	240,893

5. Long-term investment

Pursuant to a directive dated October 16, 1986, given by the Government of Canada to the Federal Business Development Bank under section 89 of the Financial Administration Act, the Bank was directed to purchase from Cominco Ltd. 790,000 series "E" preferred shares for an amount of $79 million with funds provided by the Government.

Cominco Ltd. is a Canadian mining producer of zinc and lead. This investment forms part of a $260 million program of modernization relating to lead smelting operations in Trail, B.C. A twenty-year agreement signed on behalf of the Government of Canada by Industry, Science and Technology Canada (ISTC) and Cominco Ltd. provides for a sharing in the risks of the project. The redemption of this investment and payment of dividends thereon are tied to the success of the project as determined by a profitability index which is related to the performance of lead and silver prices over the life of the agreement.

A review of lead and silver prices has been undertaken and the Bank is advised that redemption is unlikely. Cominco Ltd. which has already incurred substantial costs has been unsuccessful in commissioning the new smelter. Based upon information and advice received, the Bank has taken a full write-down on this investment. Nevertheless, the agreement remains in force until 2006.

6. Long-term notes

	Maturity by fiscal year in Canadian currency						
Effective rate %	1993	1994	1995	1996	1997	1998-99	Total
	(in thousands of dollars)						
7-9 7/8	156,578	100,963	203,134	24,448	97,601	61,321	644,045
10-11 7/8	307,428	113,000	433,556	7,440			861,424
12-12 1/2	62,589	35,000		20,000			117,589
	526,595	248,963	636,690	51,888	97,601	61,321	1,623,058

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

The above table includes $417.7 million of long-term notes payable which have been the subject of interest rate swap agreements with other financial institutions. Under these agreements, fixed interest rate commitments ranging between 7.07% and 12.47% have been converted to floating interest rate which resulted in effective interest rates for Fiscal 1992 which ranged between 6.70% and 11.03%. These borrowings fund a portion of the Bank's floating interest rate loan portfolio.

The following table shows Canadian dollar notes and foreign currency notes converted in Canadian dollar equivalent:

	1993	1994	1995	1996	1997	1998-99	Total
			(in thousands of dollars)				
Cdn $	349,400	223,000	452,967	47,440	10,000	50,000	1,132,807
Foreign currency in Cdn $ equivalent	177,195	25,963	183,723	4,448	87,601	11,321	490,251
Total	526,595	248,963	636,690	51,888	97,601	61,321	1,623,058

	Notes denominated in foreign currencies						
	1993	1994	1995	1996	1997	1998-99	Total
			(in thousands of dollars)				
United States Dollar	81,900		25,000		50,000		156,900
European Currency Units (ECU)			100,000				100,000
Japanese Yen	399,000	423,000	3,248,400	475,300	3,423,800	1,100,000	9,069,500
Australian Dollar	5,700						5,700
Italian Lira	64,698,700	25,000,000					89,698,700
Canadian Dollar equivalent	177,195	25,963	183,723	4,448	87,601	11,321	490,251

The above long-term notes denominated in foreign currencies are fully hedged with currency swap agreements or by foreign exchange forward contracts (See Note 2 and Note 7).

7. Financial instruments with off-balance sheet risk

The Bank enters into hedging transactions to manage exposure to fluctuations in interest rates and foreign exchange. These transactions include interest rate swap agreements, currency swap agreements, foreign exchange forward contracts, forward rate agreements and interest rate futures contracts.

There is an inherent risk of loss related to the possibility the counterparty to a transaction does not perform as agreed. In the event of default by a counterparty, the risk in these transactions is limited to the currency and interest rate differentials.

The Bank limits its exposure to this type of risk by dealing only with financial institutions having very high credit ratings and by continually monitoring its position and the credit rating of its counterparties. Internal procedures establish proper credit approvals, limits, controls and monitoring.

Interest rate swap agreements

Interest rate swap agreements involve the exchange of interest flows over a defined period of time without the exchange of the underlying principal amounts. As at March 31, 1992, the amount of interest rate swap agreements outstanding was $552.6 million (212.1 million as at March 31, 1991).

Currency swap agreements and foreign exchange forward contracts

Currency swap agreements and foreign exchange forward contracts are agreements to buy or sell specified amounts of foreign currencies at fixed prices on specified future dates. The Bank enters into these transactions to fully hedge its foreign currency exposures. As at March 31, 1992, the Bank had $415.3 million committed in currency swap agreements ($351.8 million as at March 31, 1991) and $679.3 million in foreign exchange forward contracts ($291.5 million as at March 31, 1991).

Forward rate agreements and interest rate futures contracts

Forward rate agreements and interest rate futures contracts are contracts to buy or sell a financial instrument at a fixed rate or price at a specified date. As at March 31, 1992, the amounts of forward rate agreements and interest rate futures contracts outstanding aggregated $410.0 million ($110.0 million as at March 31, 1991) and $55.0 million ($0.0 as at March 31, 1991) respectively.

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

8. Capital paid in by Canada

	1992	1991
	(in thousands of dollars)	
Amount paid to the Bank of Canada as referred to in subsection 28(1)(a) of the Federal Business Development Bank Act	79,000	79,000
Amounts paid in pursuant to subsection 28(1) of the Federal Business Development Bank Act	475,000	475,000
Amounts paid in by appropriation	36,000	26,600
	590,000	580,600

9. Statutory limitations on operations

The Minister of Finance, with the approval of the Governor in Council, has authorized capital payments to the Bank totalling $475 million, being the maximum allowed by subsection 28(1) of the Federal Business Development Bank Act. The Bank may receive additional funding for the purposes of section 20 of the Act by way of parliamentary appropriation.

The total of direct and contingent liabilities of the Bank may not exceed twelve times the amount of its "Capital" as defined in subsection 28(2) of the Federal Business Development Bank Act (or up to fifteen times with the approval of the Governor in Council). These liabilities combined with the Bank's "Capital" may not exceed $3.2 billion.

10. Contingent liabilities and commitments

As at March 31, 1992:

(a) The Bank is guarantor of loans aggregating $1.4 million.

(b) Various legal proceedings arising from the normal course of business are pending against the Bank. Management considers that the aggregate liability resulting from these proceedings will not be material.

(c) The undisbursed amounts on loans and venture capital investments authorized aggregated $120.8 million.

(d) The future minimum lease commitments under operating leases related to the rental of Bank premises are as follows:

	(in thousands of dollars)
1993	6,863
1994	5,886
1995	5,355
1996	4,870
1997	3,211
1998-2002	2,409
	28,594

11. Pension plan

Based on the latest actuarial valuation prepared as of December 31, 1991, the present value of the accrued pension benefits amounted to $215.5 million and the market related value of the net assets was $215.6 million. The pension expense included in the statements of operations for the year ended March 31, 1992, amounted to $3.8 million and $1.8 million in 1991. The cumulative difference between the amounts expensed and the funding contributions has been recorded in the Balance Sheet. The cumulative deferred charge amounted to $1.1 million as at March 31, 1992, and $1.9 million as at March 31, 1991.

FEDERAL BUSINESS DEVELOPMENT BANK—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

12. Financial Services

The statement of operations for Financial Services is comprised of the results of the Loans Division and the Venture Capital Division which are segregated below. Within the capital of the Bank as at March 31, 1992, was an amount of $55.0 million provided by the Government of Canada to fund the venture capital investment portfolio.

	1992			1991		
	Loans	Venture capital	Total	Loans	Venture capital	Total
	(in thousands of dollars)					
Interest and investment income	329,602	7,261	336,863	366,697	4,810	371,507
Interest expense	213,316		213,316	238,641		238,641
Net interest and investment income	116,286	7,261	123,547	128,056	4,810	132,866
Provision for losses	37,494	2,975	40,469	48,395	3,064	51,459
Net interest and investment income after provision for losses	78,792	4,286	83,078	79,661	1,746	81,407
Non-interest expenses	78,134	3,056	81,190	75,379	3,086	78,465
Income (loss) from normal operations before unusual item	658	1,230	1,888	4,282	(1,340)	2,942

13. Cultural Industries Development Fund

The Federal Business Development Bank administers on behalf of the Department of Communications (DOC), the Cultural Industries Development Fund (CIDF). The CIDF was developed to provide, under certain conditions, flexible financing and management counselling to businesses involved in the Canadian cultural industries. As stipulated in the agreement, DOC will finance up to $33.0 million over a five-year period starting in Fiscal 1992. A total of $8.0 million was transferred to the CIDF in Fiscal 1992. This fund is not accounted for in the financial statements of the Bank.

14. Comparative financial data

Certain amounts pertaining to the fiscal year ended March 31, 1991, have been reclassified to conform with the presentation adopted for the fiscal year ended March 31, 1992.

FRESHWATER FISH MARKETING CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Freshwater Fish Marketing Corporation as at April 30, 1992 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Freshwater Fish Marketing Act and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 17, 1992

BALANCE SHEET AS AT APRIL 30, 1992

ASSETS	1992	1991
	$	$
Current		
Accounts receivable		
Trade	5,740,987	4,303,373
Other	1,137,120	1,872,087
Loan receivable (Note 3)	71,490	69,000
Inventories		
Finished fish products	4,900,496	1,265,111
Packaging material and supplies	1,210,721	1,172,973
Prepaid expenses	108,759	82,575
	13,169,573	8,765,119
Loan receivable (Note 3)	520,085	592,250
Property, plant and equipment (Note 4)	8,560,455	9,233,190
	22,250,113	18,590,559

LIABILITIES	1992	1991
	$	$
Current		
Bank indebtedness	173,163	418,218
Working capital loans from Canada (Note 5)	5,400,000	9,900,000
Bank loans (Note 6)	3,656,790	69,000
Accounts payable and accrued liabilities	2,775,907	2,081,140
Provision for final payments to fishermen	5,897,125	2,089,340
	17,902,985	14,557,698
Bank loans (Note 6)	549,962	598,000
	18,452,947	15,155,698
EQUITY		
Retained earnings	3,797,166	3,434,861
	22,250,113	18,590,559

Approved by the Board:

CLAUDETTE BOURRIER
Director

MAURICE BLANCHARD
Director

FRESHWATER FISH MARKETING CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED APRIL 30, 1992

	1992	1991
	$	$
Sales		
Export	42,275,411	41,764,929
Domestic	9,207,966	10,301,775
	51,483,377	52,066,704
Expenses		
Cost of sales	40,999,916	44,566,322
Amortization	1,606,353	1,570,199
Salaries and employee benefits	1,095,081	1,051,654
Interest (Note 7)	907,415	1,633,522
Other	615,182	1,014,075
	45,223,947	49,835,772
Income before provision for final payments to fishermen	6,259,430	2,230,932
Provision for final payments to fishermen	5,897,125	2,089,340
Net income for the year	362,305	141,592
Retained earnings at beginning of the year	3,434,861	3,293,269
Retained earnings at end of the year	3,797,166	3,434,861

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED APRIL 30, 1992

	1992	1991
	$	$
Cash provided by (used for)		
Operating activities		
Net income for the year	362,305	141,592
Add (deduct) items not affecting cash		
Amortization	1,606,353	1,570,199
Gain on sale of capital assets	(523)	(26,171)
Net changes in non-cash working capital balances relating to operations	(3,707,197)	9,098,308
Cash provided by (used for) operations	(1,739,062)	10,783,928
Investing activities		
Additions to property, plant and equipment	(935,695)	(2,009,834)
Decrease (increase) in loan receivable	69,675	(661,250)
Proceeds on sale of property, plant and equipment	2,600	71,957
Cash used for investing activities	(863,420)	(2,599,127)
Financing activities		
Increase in bank loans	3,539,752	667,000
Decrease in working capital loans from Canada	(4,500,000)	(11,155,819)
Cash used for financing activities	(960,248)	(10,488,819)
Increase in provision for final payments to fishermen	3,807,785	355,285
Increase (decrease) in cash during the year	245,055	(1,948,733)
Cash (bank indebtedness) at beginning of year	(418,218)	1,530,515
Bank indebtedness at end of year	(173,163)	(418,218)

FRESHWATER FISH MARKETING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1992

1. Authority, objectives and operations

The Corporation was established by the Freshwater Fish Marketing Act in 1969, as a corporation without share capital, for the purpose of marketing and trading in fish, fish products and fish by-products in and out of Canada. The Corporation is an agent Crown corporation named in Schedule III, Part I of the Financial Administration Act and is required to conduct its operations on a self-sustaining basis. Total loans outstanding from Canada and from banks may not exceed $30 million.

The Corporation has the exclusive right to market the products of the commercial fishery in the provinces participating in the program in inter-provincial and export trade. Participation of the provinces of Manitoba, Saskatchewan, Alberta and Ontario and the Northwest Territories was established by agreement with the Government of Canada.

2. Significant accounting policies

Inventories

Finished fish products are valued at the lower of cost and net realizable value. Packaging material and parts are valued at the lower of cost and replacement cost.

Amortization

Amortization is based on the estimated useful lives of the assets using the following methods and annual rates:

Buildings	—Lake stations	Straight-line	5-10%
	—Plants	Straight-line	2 1/2%
Equipment	—Machinery and office equipment	Declining balance	10-40%
	—Automotive	Declining balance	30%
Fresh fish delivery tubs		Straight-line	10%
Vessels		Straight-line	6 2/3%

Leasehold improvements are amortized on a straight-line basis over the term of the lease. Lease terms vary in length up to 20 years.

Payments to fishermen

The Corporation purchases fish at initial prices established by the Board of Directors and the cost of such purchases is included in the cost of sales. A guide used in the determination of the initial price is 80% of the projected total payments to fishermen (initial plus final), based upon forecasts prepared by the Corporation. Final payments, if any, to fishermen are determined by the Board after the end of the year, based on the results of operations for the year. The final payments are made in respect of products purchased during the year and therefore are charged to operations of the current year.

Foreign currency translation

Amounts receivable and payable denominated in foreign currency are translated into Canadian dollars at the year-end exchange rate. Transactions in foreign currency during the year are translated at the rate in effect at the time of the transactions. Foreign exchange gains and losses are included in interest expense.

Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. The Corporation's contributions are charged to expenditure on a current year basis, and represent the total pension obligations of the Corporation.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to Canada's Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

3. Loan receivable

The loan receivable is secured by various property, plant and equipment and matures in 1995.

4. Property, plant and equipment

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	263,065		263,065	263,065
Buildings	6,329,892	3,149,608	3,180,284	3,312,906
Equipment	13,101,015	8,600,613	4,500,402	4,491,171
Fresh fish delivery tubs	2,788,102	2,340,531	447,571	559,879
Vessels	131,707	27,514	104,193	45,724
Leasehold improvements	426,345	420,586	5,759	13,434
Construction in progress	59,181		59,181	547,011
	23,099,307	14,538,852	8,560,455	9,233,190

5. Working capital loans from Canada

These loans are made under Section 16(1) of the Act and bear interest at 6.7203% (1991—10.96%). They are secured by promissory notes.

6. Bank loans

	1992	1991
	$	$
Promissory note, repayable in U.S. dollars, bearing interest at 4.5%, maturing June 30, 1992	3,585,300	
Unsecured loan, repayable in monthly instalments of $5,000 U.S., bearing interest at 9%, maturing in 1995	621,452	667,000
	4,206,752	667,000
Less current portion	3,656,790	69,000
	549,962	598,000

FRESHWATER FISH MARKETING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1992—*Concluded*

7. Interest expense

	1992	1991
	$	$
Interest on working capital loans from Canada	833,386	2,086,039
Interest on bank loans	144,309	24,121
Loss on foreign exchange	157,275	1,609
Interest income	(227,555)	(478,247)
	907,415	1,633,522

8. Income taxes

The Corporation is eligible to deduct for tax purposes a portion of its eligible capital cost allowance, and accordingly has no taxable income for the year. At April 30, 1992, the excess of undepreciated capital cost over net book value of property, plant and equipment amounted to $2,015,454 (1991—$2,384,446) which can be used to reduce future years' taxable income.

9. Remuneration to foreign agents

During the year, the Corporation paid an aggregate amount of $712,635 (1991—$726,529) to the following foreign sales agents: Juhl Brokerage Incorporation, Associated Marketing Services Inc., R.M. Sloan Co., G&G Food Sales Company, Benolken Brokerage Company, X. Sea. Lnt International Corp., Performance Foods, Bocar Enterprises, Great Lakes Marketing, McMahon & MacDonald Food Brokers, D.B. Clark Sales—United States; I. LeGrand H. Malo et Cie—France; Lejos Oy—Finland; Rud Kanzow Gmbh & Co.—Germany; BOE Sjostrom Trading AB—Sweden.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

GREAT LAKES PILOTAGE AUTHORITY LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Great Lakes Pilotage Authority Ltd. as at December 31, 1991 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations, and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
January 20, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and short-term deposits	1,588,922	1,585,280
Accounts receivable	1,158,326	1,179,588
	2,747,248	2,764,868
Capital assets, at cost		
Land and buildings	63,642	63,642
Furniture and equipment	147,850	143,618
	211,492	207,260
Less: accumulated amortization	179,790	169,082
	31,702	38,178
	2,778,950	2,803,046

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	2,603,527	2,253,587
Accrued employee termination benefits	85,679	36,327
	2,689,206	2,289,914
Long-term		
Accrued employee termination benefits	3,321,530	3,289,052
	6,010,736	5,578,966
SHAREHOLDER'S DEFICIENCY		
Capital stock		
Authorized—50 shares		
Issued and fully paid—15 shares	1,500	1,500
Contributed capital	82,074	82,074
Deficit	(3,315,360)	(2,859,494)
Commitments (Note 4)		
	(3,231,786)	(2,775,920)
	2,778,950	2,803,046

Approved by the Board:

R.G. ARMSTRONG
Director

G. ST. MARSEILLE
Director

GREAT LAKES PILOTAGE AUTHORITY LTD.—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenues		
Pilotage charges	7,739,163	7,985,674
Despatching and pilot boat income	166,091	174,914
Interest and other income	139,111	213,897
	8,044,365	8,374,485
Expenses		
Pilots' salaries and benefits	6,988,401	7,122,508
Staff salaries and benefits	1,040,863	1,020,448
Transportation and travel	635,786	688,774
Pilot boat services	493,541	494,617
Employee termination benefits	348,174	305,299
Professional and special services	134,410	128,928
Life insurance experience loss (gain)	67,164	(56,623)
Rentals	54,635	53,484
Communications	53,646	53,205
Utilities, materials and supplies	34,830	40,379
Retired employee benefits	31,521	26,486
Purchased despatching services	28,329	41,763
Repairs and maintenance	12,540	10,124
Amortization	10,708	13,625
Pilot training costs	9,683	24,027
	9,944,231	9,967,044
Loss for the year	(1,899,866)	(1,592,559)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Balance, beginning of the year	(2,859,494)	(1,266,935)
Parliamentary appropriation	1,444,000	
Loss for the year	(1,899,866)	(1,592,559)
Balance, end of the year	(3,315,360)	(2,859,494)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the year	(1,899,866)	(1,592,559)
Items not requiring cash		
Employee termination benefits accrual	348,174	305,299
Amortization	10,708	13,625
Net change in working capital components other than cash and short-term deposits	371,202	123,879
Employee termination benefits payments	(266,344)	(236,592)
	(1,436,126)	(1,386,348)
Financing activities		
Parliamentary appropriation	1,444,000	
Investing activities		
Increase in capital assets	(4,232)	(9,622)
Increase (decrease) in cash	3,642	(1,395,970)
Cash and short-term deposits, beginning of year	1,585,280	2,981,250
Cash and short-term deposits, end of year	1,588,922	1,585,280

GREAT LAKES PILOTAGE AUTHORITY LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Authority and objectives

The Great Lakes Pilotage Authority Ltd. was established in February 1972 pursuant to the Pilotage Act, incorporated as a limited company in May 1972, and is continued under the Canada Business Corporations Act. Pursuant to the Financial Administration Act, the Authority is a Crown corporation listed in Schedule III Part I thereto. The Authority is a subsidiary of The St. Lawrence Seaway Authority but is deemed to be a parent corporation within the meaning of the Financial Administration Act.

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that the pilotage tariffs shall be fair, reasonable and sufficient and together with any revenue from other sources, shall permit the Authority to operate on a self-sustaining financial basis.

The Authority is exempt from any income taxes.

2. Significant accounting policies

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament. Any portion of the appropriations pertaining to operating expenditures requiring an outlay of funds is reflected in the statement of deficit. Any portion of the appropriations pertaining to the acquisition of capital assets is recorded as contributed capital.

Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and equipment	5 to 10 years

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. The current liability reflects the accrued termination benefits of only those employees who have indicated their intention to terminate their employment within the coming year.

Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in the Statement of Operations in the year in which they are incurred.

Retired employee benefits

The Authority contributes toward medical benefits and life insurance for those retired employees who elect for such coverage. The expense is recorded in the year in which it is incurred.

3. Pension plan

Under provisions of the Pilotage Act, pilots who became employees of the Authority may elect to count certain service prior to becoming an employee as pensionable under the Public Service Superannuation Act. For those pilots who have elected to purchase pension benefits with respect to past service as licensed pilots, the Authority is required to match the employee contribution. The estimated unfunded past service pension contribution with respect to these pilots and other employees under the pension plan was approximately $135,000 as of December 31, 1991 (1990—$192,500) and will be funded over the remaining years of service of the pilots or the terms of purchase, whichever is the lesser.

Pension expense was $446,793 (1990—$434,713) including $22,700 (1990—$31,511) for past service contributions.

4. Commitments

The Authority has a lease agreement for the rental of office space. Future minimum rental payments are:

	$
1992	47,213
1993	49,435
1994	4,135
	100,783

In addition, the Authority has contract commitments of approximately $310,000 for the pilot boat service for the next year. Tenders have also been requested for the land transportation for the next two years. Expenditures for these services were approximately $194,000 in 1991.

5. Parliamentary appropriation

The Authority is seeking a parliamentary appropriation for the cash operating loss for 1991.

6. Related party transactions

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

7. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

HALIFAX PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Halifax Port Corporation as at December 31, 1991, and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Canada Ports Corporation Act, and the by-laws of the Corporation.

Doane Raymond
Chartered Accountants

Halifax, Canada
January 31, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	122,502	796,402
Investments (Note 3)	7,203,581	7,788,502
Accounts receivable	2,825,004	2,517,733
Materials and supplies	60,414	105,608
	10,211,501	11,208,245
Accounts receivable	266,188	
Investments (Note 3)		33,615
Fixed (Note 4)	58,471,490	58,723,495
	68,949,179	69,965,355

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	1,787,198	3,157,432
Grants in lieu of municipal taxes	276,643	335,768
Deferred revenues	556,289	539,777
Current portion of long-term debt	444,629	404,208
	3,064,759	4,437,185
Accrued employee benefits	764,673	701,831
Loans from Canada (Note 5)	2,269,877	2,714,506
	6,099,309	7,853,522
EQUITY		
Contributed capital	50,856,865	50,856,865
Surplus	11,993,005	11,254,968
	62,849,870	62,111,833
	68,949,179	69,965,355

Contingent liabilities (Note 6).

On behalf of the Board:

DONALD A. PARKER
Chairman

DAVID F. BELLEFONTAINE
President and Chief Executive Officer

HALIFAX PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND SURPLUS
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenue from operations	13,337,637	15,007,422
Operating and administrative expenses	9,433,912	8,851,002
Depreciation	2,120,741	2,104,449
Grants in lieu of municipal taxes	890,994	1,000,000
	12,445,647	11,955,451
Income from operations	891,990	3,051,971
Investment income	691,862	991,563
Interest expense	(311,871)	(348,617)
Gain on disposal of fixed assets	11,580	2,552
	391,571	645,498
Net income before extraordinary income	1,283,561	3,697,469
Extraordinary item (Note 7)	213,716	
Net income	1,497,277	3,697,469
Surplus, beginning of year	11,254,968	8,581,491
Net income	1,497,277	3,697,469
Dividend to Canada	(759,240)	(1,023,992)
Surplus, end of year	11,993,005	11,254,968

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Operating activities		
Net income	1,497,277	3,697,469
Depreciation	2,120,741	2,104,449
Other	112,812	34,860
Decrease in operating components of working capital	95,603	66,792
Cash provided by operating activities	3,826,433	5,903,570
Financing activities		
Increase in accounts receivable	(266,188)	
Increase (decrease) in accounts payable	(300,526)	320,211
Loans from Canada	(404,209)	(367,462)
Dividend to Canada	(759,240)	(1,023,992)
Contributions to Canada	(1,470,000)	(1,470,000)
Cash applied to financing activities	(3,200,163)	(2,541,243)
Investing activities		
Additions to fixed assets	(1,934,696)	(2,157,980)
Proceeds on disposal of investments	34,009	
Other	15,596	6,199
Cash applied to investing activities	(1,885,091)	(2,151,781)
Increase (decrease) in cash and short-term investments	(1,258,821)	1,210,546
Cash and short-term investments, beginning of year	8,584,904	7,374,358
Cash and short-term investments, end of year	7,326,083	8,584,904

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. In accordance with the Canada Ports Corporation Act, sections 6.1 and 6.2, a petition for the establishment of a local port corporation at the Port of Halifax was approved and the Halifax Port Corporation was established effective June 1, 1984.

   In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of Halifax to Halifax Port Corporation.

2. Significant accounting policies

   (a) Investments

   The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

   (b) Fixed assets

   Fixed assets are recorded at cost, except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

   (c) Pension costs

   All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

   (d) Grants in lieu of municipal taxes

   The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

   (e) Employee benefits

   The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave, and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

HALIFAX PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

3. Investments

	1991		1990	
	Amortized cost	Face value	Amortized cost	Face value
	$	$	$	$
Short-term	7,203,581	7,334,200	7,778,502	8,115,100
Long-term			33,615	34,270

4. Fixed assets

	1991				1990
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	$	$	$	$
Land		24,547,627		24,547,627	24,441,887
Dredging	2.5-6.7	3,443,290	2,397,842	1,045,448	1,093,165
Berthing structures	2.5-10	35,120,246	19,663,894	15,456,352	16,040,808
Buildings	2.5-10	18,755,692	11,780,523	6,975,169	6,300,957
Utilities	3.3-10	6,008,663	2,657,282	3,351,381	3,498,699
Roads and surfaces	2.5-10	8,481,260	4,940,104	3,541,156	4,024,163
Machinery and equipment	5-100	9,906,185	6,559,908	3,346,277	2,067,688
Office furniture and equipment	20	1,270,814	1,066,921	203,893	152,334
Projects under construction		4,187		4,187	1,103,794
		107,537,964	49,066,474	58,471,490	58,723,495

5. Loans from Canada

	1991	1990
	$	$
10% loan maturing on December 31, 1996, repayable in blended annual principal and interest payments of $716,080	2,714,506	3,118,714
Less current portion repayable within one year	444,629	404,208
	2,269,877	2,714,506

The loans from Canada are unsecured.

6. Contingent liabilities

The Corporation has been named as one of the defendants in a lawsuit for damages for which the plaintiff has not quantified an amount. In the opinion of management this claim is without merit and therefore no provision has been made in the accounts.

7. Extraordinary item

During 1991, the Corporation sold a water lot. This resulted in a net gain on disposal of $213,716.

HARBOURFRONT CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS

We have audited the consolidated balance sheet of Harbourfront Corporation as at March 31, 1992 and the consolidated statements of operations, contributed capital and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and its subsidiaries that have come to our notice during our examination of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, articles and by-laws of the Corporation and the management agreement dated June 13, 1980, as amended and renewed from time to time, and expiring March 31, 1994.

Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
June 3, 1992

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 3, 1992

CONSOLIDATED BALANCE SHEET MARCH 31, 1992
(with comparative figures for 1991)

ASSETS	1992	1991
	$	$
Current assets		
Cash and short-term investments	1,898,486	1,669,976
Receivable from Canada (Note 4)	150,981	671,950
Receivable from developers	2,945,148	1,654,909
Other receivables and assets	1,344,083	806,594
	6,338,698	4,803,429
Non-current assets		
Receivable from developers	11,775,926	11,715,926
Deferred development costs (Note 5)	5,744,878	4,095,874
Capital assets (Note 6)	143,510	186,053
	17,664,314	15,997,853
	24,003,012	20,801,282

LIABILITIES AND SHAREHOLDER'S EQUITY	1992	1991
	$	$
Current liabilities		
Accounts payable and accrued liabilities	3,396,358	3,542,049
Loans from Canada (Note 7)	14,700,000	2,200,000
SHAREHOLDER'S EQUITY		
Share capital (Note 8)	1	1
Contributed capital	18,886,579	29,429,663
Deficit	(12,979,926)	(14,370,431)
	5,906,654	15,059,233
	24,003,012	20,801,282

See accompanying notes to consolidated financial statements.

On behalf of the Board:

WILLIAM J. McALEER
Director

W. DARCY McKEOUGH
Director

HARBOURFRONT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1992
(with comparative figures for 1991)

	1992	1991
		(Restated-Note 11)
	$	$
Revenues		
Commercial and other income	2,139,719	2,914,420
Parking income	2,347,996	2,702,077
Interest on receivables from developers	1,350,239	1,708,625
Other interest	229,368	569,506
	6,067,322	7,894,628
Expenses		
Commercial management	3,239,019	4,949,707
Corporate administration	588,905	2,129,575
Interest on loans from Canada	848,893	50,437
	4,676,817	7,129,719
Profit from continuing activities	1,390,505	764,909
Transferred activities (Note 9)		(8,421,673)
Net profit (loss) for the year	1,390,505	(7,656,764)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CONTRIBUTED CAPITAL AND DEFICIT
YEAR ENDED MARCH 31, 1992
(with comparative figures for 1991)

	1992	1991
	$	$
Contributed capital		
Balance, beginning of year	29,429,663	31,934,861
Period development and other public infrastructure costs	(443,084)	(2,455,722)
Contribution to Harbourfront Corporation (1990) (Note 2)		
Operating	(8,800,000)	(2,200,000)
Capital	(1,300,000)	
Transfer of net assets to Harbourfront Corporation (1990) (Notes 2 and 9)		(1,498,408)
Parliamentary appropriations from Canada		
Additional operating costs		2,000,000
Costs of reorganization		1,648,932
Balance, end of year	18,886,579	29,429,663
Deficit		
Balance, beginning of year	(14,370,431)	(6,713,667)
Net profit (loss) for the year	1,390,505	(7,656,764)
Balance, end of year	(12,979,926)	(14,370,431)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1992
(with comparative figures for 1991)

	1992	1991
		(Restated-(Note 11)
	$	$
Operating		
Profit from continuing activities	1,390,505	764,909
Amortization	59,736	144,575
	1,450,241	909,484
Other receivables and assets	(537,489)	1,167,431
Receivable from Canada for costs of reorganization	616,932	
Accounts payable and accrued liabilities	(145,691)	364,375
Interest receivable on the Harbourfront Capital Account	(9,672)	150,161
	1,374,321	2,591,451
Investing		
Investment in capital assets	(17,193)	468,488
Harbourfront Capital Account		
Deposits	(124,320)	(204,622)
Withdrawals	38,029	4,164,622
	(103,484)	4,428,488
Financing		
Loans from Canada	12,500,000	2,200,000
	12,500,000	2,200,000
Contributed capital		
Period development and other public infrastructure costs	(443,084)	(2,455,722)
Contribution to Harbourfront Corporation (1990)	(10,100,000)	(2,200,000)
Deferred development costs	(1,649,004)	986,114
Receivable from developers	(1,350,239)	(37,208)
Parliamentary appropriations from Canada		3,648,932
Transfer of net assets to Harbourfront Corporation (1990)		(1,498,408)
	(13,542,327)	(1,556,292)
Cash provided by continuing activities	228,510	7,663,647
Cash used in transferred activities		(11,003,775)
Cash and short-term deposits, beginning of year	1,669,976	5,010,104
Cash and short-term deposits, end of year	1,898,486	1,669,976

See accompanying notes to consolidated financial statements.

HARBOURFRONT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992

1. The Corporation

Harbourfront Corporation (the "Corporation"), continued under the Canada Business Corporations Act December 21, 1984, is a parent Crown corporation listed under Part I of Schedule III to the Financial Administration Act. The share capital of the Corporation is held by Her Majesty the Queen in Right of Canada ("Canada") as represented by the Minister of Public Works. Legislation authorizing the Minister of Public Works to direct the Corporation to sell, with the approval of the Governor in Council, any or all of its assets and to procure the subsequent dissolution of the Corporation, received royal assent in November 1991. The Corporation is exempt from corporate income tax.

In addition to the related party transactions disclosed elsewhere in these consolidated financial statements, the Corporation enters into transactions with Canada and other Crown corporations in the normal course of business.

2. Activities of the Corporation

The Corporation owns and operates, or operates on behalf of Canada, the Harbourfront site which totals approximately 100 acres and occupies a central position on the Toronto waterfront. The Corporation operates under a Management Agreement with Canada dated June 13, 1980, as amended and renewed from time to time, and expiring March 31, 1994. Title to the lands which comprise the Harbourfront site is held by Canada with the exception of parkland and public infrastructure conveyed to municipal governments and certain lands transferred to the Corporation by Canada.

Following studies by various levels of government and consultation with other interested parties, the Corporation was reorganized as follows:

— An independent not-for-profit organization, known as Harbourfront Corporation (1990) ("Harbourfront '90"), was formed to continue the Corporation's public programming activities on ten acres of the Harbourfront site. Responsibility for these programming activities and the related net assets were transferred to Harbourfront '90 on January 1, 1991 (Note 9).

— A charitable foundation ("Harbourfront Foundation") was formed to manage any funds received from the Corporation and, subsequently, to make ongoing contributions to support the public programming activities of Harbourfront '90. As an interim measure, the Corporation is making operating contributions to Harbourfront '90 totalling $8,800,000 per annum and capital contributions as approved by Canada.

— The Corporation's mandate was redefined with its revised responsibilities limited to ensuring the disposition of the Corporation's remaining assets, including its real estate assets, in an orderly fashion and the transfer of the resulting funds to the Harbourfront Foundation.

In fulfilling its revised mandate, the Corporation is renegotiating certain existing contracts with developers to ensure the removal of three contemplated condominium projects from the south side of Queen's Quay West in exchange for rights to certain commercial and residential developments on the north side of Queen's Quay West and to convey these south side properties to the City of Toronto as public space. The outcome of these and other related negotiations and the impact on the financial position of the Corporation are currently not determinable. In the event that these negotiations are completed and approved by all parties, the impact will be reflected at that time in these consolidated financial statements.

3. Accounting policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies of the Corporation are as follows:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries.

(b) Revenue recognition

Revenues from commercial activities are recognized as the related services are provided.

(c) Development proceeds and costs

All development proceeds and costs directly attributable to a project are deferred until approval of the related development agreement is received from Canada, at which time, the proceeds are recorded, net of related development costs, as contributed capital. Development costs not attributable to a particular project are charged to contributed capital as incurred.

(d) Parkland and public infrastructure

Costs related to parkland and public infrastructure expected to be conveyed are deferred and charged to contributed capital when title is passed to the appropriate local or regional governments. All other public infrastructure costs are charged to contributed capital as incurred.

(e) Parliamentary appropriations

Parliamentary appropriations, made from time to time by Canada in its capacity as shareholder, are recorded as contributed capital.

(f) Contributions to Harbourfront '90

Operating and capital contributions to Harbourfront '90, made at the request of Canada in its capacity as shareholder, are charged to contributed capital.

(g) Capital assets

Capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the estimated useful life of each asset. Transfers of land to the Corporation from Canada, required to facilitate certain development agreements, are recorded at a nominal cost.

HARBOURFRONT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

4. Receivable from Canada

	1992	1991
	$	$
Deposit in the Harbourfront Capital Account	124,320	38,029
Interest receivable on the Harbourfront Capital Account	26,661	16,989
Cost of the reorganization		616,932
	150,981	671,950

5. Deferred development costs

	1992	1991
	$	$
Deferred costs of projects under development	555,441	555,441
Deferred costs of parkland and public infrastructure	5,189,437	3,540,433
	5,744,878	4,095,874

6. Capital assets

	1992	1991
	$	$
Land and buildings	1	1
Equipment	649,165	651,335
	649,166	651,336
Less: accumulated amortization	505,656	465,283
	143,510	186,053

7. Loans from Canada

Date of loan	Interest rate	Maturity	1992	1991
	%		$	$
January 10, 1991	10.46	January 10, 1996	2,200,000	2,200,000
April 3, 1991	9.49	April 3, 1996	1,500,000	
April 29, 1991	9.45	April 29, 1996	2,200,000	
July 23, 1991	9.92	January 23, 1996	2,200,000	
October 15, 1991	8.5	April 15, 1995	1,000,000	
October 31, 1991	8.07	October 31, 1995	1,500,000	
January 9, 1992	7.16	July 9, 1995	2,200,000	
March 3, 1992	8.08	March 3, 1995	1,900,000	
			14,700,000	2,200,000

The Corporation may borrow within approved limits from the Consolidated Revenue Fund to fund its operations and its financial contributions to Harbourfront '90. Loans bear interest, payable semi-annually, at the Consolidated Revenue Fund lending rate established by the Minister of Finance at the time the funds are drawn. Borrowings are for terms not to exceed five years. Upon the disposition of any real property, the Corporation must, within fourteen days, use the net proceeds realized to repay the loans to the extent possible. Each loan is secured by a debenture of the Corporation in favour of the Receiver General for Canada. The Corporation may prepay the loan or any part thereof at any time without penalty upon fourteen days' prior notice.

Interest accrued to March 31, 1992 in the amount of $383,588 (1991—$50,437) is included in accounts payable and accrued liabilities.

8. Share capital

The authorized share capital of the Corporation consists of 500,000 (1991—500,000) common shares without par value of which 215,500 (1991—215,500) shares are issued and fully paid for consideration of $1 (1991—$1).

9. Transferred activities

Responsibility for all public programming activities and the related net assets were transferred January 1, 1991 to Harbourfront '90 pursuant to the Asset Transfer Agreement dated December 31, 1990 between the Corporation and Harbourfront '90. The contributed capital of the Corporation was reduced by the carrying value of the net assets transferred.

The net assets transferred to Harbourfront '90 include:

	$
Working capital	376,384
Capital assets	978,075
Investment in programming subsidiaries	143,949
	1,498,408

The results of public programming activities and costs of the reorganization to December 31, 1990 were:

	Nine months ended December 31, 1990
	Restated-Note 11 $
Revenues	5,759,353
Expenses	12,532,094
Results for the period	(6,772,741)
Costs of the reorganization	(1,648,932)
Transferred activities	(8,421,673)

HARBOURFRONT CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1991—*Concluded*

10. Litigation

The Corporation is a defendant in a number of legal actions and, in a number of instances, has instituted counterclaims. In the opinion of management, these actions will not have a material adverse effect on the financial position of the Corporation.

11. Comparative figures

Certain of the 1991 financial statement balances presented for comparative purposes have been reclassified to conform to the financial statement presentation adopted in 1992 and restated for revenues from transferred activities which were previously reported in the results of continuing activities.

12. Cumulative contributions by Canada

The following unaudited information has been supplied by the Department of Public Works:

	Fiscal 1972 to 1980	Fiscal 1981 to 1992	Total
	(in millions of dollars)		
Land acquisition	54.4		54.4
Operating and capital expenditures	21.5	7.2	28.7
Operating contributions		8.5	8.5
Development and land acquisition contributions		51.3	51.3
	75.9	67.0	142.9

Amounts contributed subsequent to fiscal 1980 represent expenditures pursuant to the Management Agreement between the Corporation and Canada. No contributions were made by Canada during fiscal 1992.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the International Centre for Ocean Development are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. In addition, the Board of Directors oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

Allan M. Farmer
President

AUDITOR'S REPORT

TO THE MINISTER FOR EXTERNAL RELATIONS

I have audited the balance sheet of the International Centre for Ocean Development as at March 31, 1992 and the statements of operations, surplus (deficit) and changes in financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Centre that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the International Centre for Ocean Development Act, and the by-laws of the Centre.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 29, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	2,389,202	1,777,485
Accounts receivable		
Canadian International Development Agency	773,987	854,355
Other	222,379	29,723
Prepaid expenses	147,332	57,305
	3,532,900	2,718,868

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	2,371,949	1,488,248
Advances from Canadian International Development Agency	766,204	1,044,443
Accrued termination benefits (Note 2)	2,500,000	
	5,638,153	2,532,691
EQUITY		
Surplus (deficit)	(2,105,253)	186,177
	3,532,900	2,718,868

Wind-up of the Centre (Notes 1 and 2).
Operating leases (Note 5).
Commitments (Note 6).

Approved by the Board:

DANIELLE WETHERUP
Director

NICOLE SENECAL
Director

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenses		
International Centre for Ocean Development program activities		
South Pacific/Caribbean Basin Division	4,113,309	4,480,452
West Africa/Indian Ocean Division	2,810,732	2,657,201
Interregional and Cooperative Activities Division	2,254,091	2,361,343
Corporate programs	1,054,828	1,240,515
Total International Centre for Ocean Development program activities	10,232,960	10,739,511
Programs managed on behalf of Canadian International Development Agency (Note 7)	2,382,243	2,167,420
Total program activities	12,615,203	12,906,931
Administrative services	2,048,711	2,002,226
Total operating expenses	14,663,914	14,909,157
Revenues		
Canadian International Development Agency recoveries (Note 7)	2,382,243	2,167,420
Other income	343,136	70,433
Interest income	117,105	89,613
Total operating revenues	2,842,484	2,327,466
Cost of ongoing operations	11,821,430	12,581,691
Termination benefits (Note 2)	2,500,000	
Cost of operations for the year	14,321,430	12,581,691

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Financing activities		
Parliamentary appropriation	12,030,000	12,200,000
Operating activities		
Cost of operations for the year	(14,321,430)	(12,581,691)
Charges not affecting cash		
Termination benefits	2,500,000	
	(11,821,430)	(12,581,691)
Decrease in non-cash working capital items	403,147	1,096,986
	(11,418,283)	(11,484,705)
Increase in cash	611,717	715,295
Cash at beginning of the year	1,777,485	1,062,190
Cash at end of the year	2,389,202	1,777,485

STATEMENT OF SURPLUS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Surplus at beginning of the year	186,177	567,868
Parliamentary appropriation (Note 4)	12,030,000	12,200,000
	12,216,177	12,767,868
Cost of operations for the year	14,321,430	12,581,691
Surplus (deficit) at end of the year	(2,105,253)	186,177

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and objectives

The International Centre for Ocean Development (the Centre or ICOD) was established by the International Centre for Ocean Development Act in 1985 as a Crown corporation without share capital. The Centre is listed in Part I of Schedule III to the Financial Administration Act and is exempt from the provisions of the Income Tax Act. The Centre is dependent on the Government of Canada for operating appropriations.

The objectives of the Centre are to initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development by:

(a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;

(b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacity of developing countries in integrated ocean use management;

(c) enlisting the expertise of people and institutions in Canada, developing countries and elsewhere;

(d) developing and sponsoring the collection and dissemination of information relating to ocean resource development;

(e) developing and sponsoring training programs, technical assistance and advisory services relating to ocean resource development; and

(f) supporting research relating to ocean resource development.

In Budget Papers tabled in the House of Commons on February 25, 1992, the Government of Canada announced that: "ICOD will be wound up and any necessary program resources transferred to CIDA" (Canadian International Development Agency).

2. Wind-up of the Centre

Bill C-63, "An Act to dissolve or terminate certain corporations and other bodies", received first reading in Parliament on March 10, 1992 and second reading on May 5, 1992. The relevant sections pertaining to the Centre state, among other things, that:

"The Centre is hereby dissolved.

All rights and property held by or in the name of or in trust for the Centre and all obligations and liabilities of the Centre are deemed to be rights, property, obligations and liabilities of Her Majesty.

Every reference to the Centre in any deed, contract or other document executed by the Centre in its own name shall, unless the context otherwise requires, be read as a reference to Her Majesty.

This Act or any provision thereof shall come into force on a day or days to be fixed by order of the Governor in Council."

The Centre is conducting its affairs on the assumption that the legislation will be enacted. On May 29, 1992, the President of the Treasury Board approved a transition plan that will ensure the maintenance of existing ICOD programs and the orderly transfer of existing assets and liabilities to Her Majesty. In addition, on May 29, 1992, the President of the Treasury Board approved the Centre's employee termination benefit plan. Management's best estimate of the costs to wind-up the Centre, where known, have been included in these financial statements.

3. Significant accounting policies

The financial statements reflect the following policies:

(a) Capital expenditures

Purchases of equipment, office furniture, and costs of leasehold improvements are expensed in the year of acquisition.

(b) Parliamentary appropriation

The parliamentary appropriation is recorded in the Statement of Surplus (Deficit) for the year to which it applies.

(c) Project expenditures

The Centre enters into agreements with third parties to undertake projects. Project expenditures are charged to operations when disbursed and as they become due under the terms of the contractual agreement.

(d) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

(e) Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Foreign administrative expenses are translated using the weighted average of exchange rates in effect at the date of transfer to the Centre's foreign office. The resulting foreign currency translation gains and losses are included in the results of operations.

(f) Recognition of recoveries

Revenue in respect of projects is recognized at the time the related expenses are incurred. Revenues received in excess of expenses are included in current liabilities.

4. Parliamentary appropriation

The Government of Canada approved a parliamentary appropriation in the amount of $13,300,000. The Centre made drawdowns totalling $12,030,000 (1991—$12,200,000). The Centre was requested by the Government of Canada not to drawdown funds beyond cash requirements irrespective of amounts accrued related to wind-up of the Centre.

5. Operating leases

The Centre has entered into various operating lease arrangements for office premises and equipment. The future minimum lease payments are as follows:

Year ending March 31	$
1993	573,032
1994	525,387
1995	514,793
1996	492,085
1997	7,651
	2,112,948

Upon the wind-up of the Centre these obligations will become the responsibility of Her Majesty.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

6. Commitments

The Centre approved or has committed by agreement to the following project expenditures, subject to the execution of contractual documents or compliance by recipients with the terms of existing agreements.

Year ending March 31	$
1993	6,508,218
1994	5,762,322
1995	3,815,204
1996	1,991,683
1997 and beyond	1,648,386
	19,725,813

Upon the wind-up of the Centre these commitments will become the responsibility of Her Majesty.

7. Related party transactions

The Centre has entered into contribution agreements with the Canadian International Development Agency (CIDA) whereby the Centre manages projects on behalf of CIDA.

The Centre has entered into contractual arrangements to purchase six houses in Belize as part of a project managed on behalf of CIDA. These houses are for the use of staff associated with the project. As at March 31, 1992, title to three completed houses has been transferred to the Centre. Costs of $259,000 have been expensed as Programs managed on behalf of CIDA. The Centre is committed to pay a further $281,266 to complete construction of the three remaining houses in 1992. The Centre is in ongoing negotiations with the Caribbean Community (CARICOM) and CIDA to determine the eventual disposition of these houses.

8. Comparative figures

Certain comparative figures have been changed to conform with the presentation adopted in the current year.

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

AUDITOR'S REPORT

TO THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE
AND THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the International Development Research Centre as at March 31, 1992 and the statements of operations, equity and changes in the financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash and short-term deposits (Note 4)	12,867,402	16,894,314
Accounts receivable	903,988	1,409,170
Prepaid expenses	1,015,538	882,017
	14,786,928	19,185,501
Recoverable deposits	153,960	175,976
Property and equipment (Note 5)	4,097,388	5,031,677
Endowment funds (Note 6)	214,538	293,041
	19,252,814	24,686,195

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities (Note 7)	16,535,315	10,225,827
Contract research (Note 8)	520,651	650,181
	17,055,966	10,876,008
Accrued employee separation benefits	2,156,193	2,941,320
Deferred rent—Head Office	1,702,084	2,007,001
Endowment funds (Note 6)	214,538	293,041
	21,128,781	16,117,370
EQUITY		
Equity of Canada	(1,875,967)	8,568,825
	19,252,814	24,686,195

Approved:

KEITH BENZANSON
President

ANTOINE HAWARA
Treasurer

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenses		
Development-research activities		
Project grants	63,045,559	56,382,561
Centre projects	6,471,791	5,408,936
Contract research (Note 8)	5,537,197	5,133,337
	75,054,547	66,924,834
Research-related activities		
Technical support	13,093,345	13,169,049
Program-development support	7,929,919	5,739,734
Information dissemination	3,824,605	3,899,706
Development-research library	1,786,650	1,723,452
	26,634,519	24,531,941
Research operational support		
Regional offices	7,825,087	8,047,720
Division management	7,112,657	6,976,142
	14,937,744	15,023,862
Total research and support expenses	116,626,810	106,480,637
General management expenses	11,511,351	11,517,091
Restructuring program expenses (Note 9)	5,803,722	
	133,941,883	117,997,728
Revenue		
Grant from Parliament of Canada	115,800,000	114,130,000
Investment and other income	2,159,894	3,277,863
Contract research (Note 8)	5,537,197	5,133,337
	123,497,091	122,541,200
Excess of (expenses over revenue) revenue over expenses	(10,444,792)	4,543,472

STATEMENT OF EQUITY FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at the beginning of the year	8,568,825	4,025,353
Excess of (expenses over revenue) revenue over expenses	(10,444,792)	4,543,472
Balance at the end of the year	(1,875,967)	8,568,825

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Cash (used in) provided by operations		
Excess of (expenses over revenue) revenue over expenses	(10,444,792)	4,543,472
Items not affecting cash		
Amortization of property and equipment	1,374,507	1,374,701
Provision for restructuring program	5,466,731	
Provision for employee separation benefits	(578,501)	494,327
Gain (loss) on disposal of equipment	14,019	(121,724)
Amortization of deferred rent	(304,917)	(304,917)
	(4,472,953)	5,985,859
Changes in non cash operating assets and liabilities		
Accounts receivable	505,182	(368,314)
Prepaid expenses	(133,521)	(32,769)
Recoverable deposits	22,016	30,918
Accounts payable and accrued liabilities	842,757	(1,077,998)
Payment of employee separation benefits	(206,626)	(176,135)
Contract research liability	(129,530)	(776,110)
	900,278	(2,400,408)
Cash (used in) provided by operations	(3,572,675)	3,585,451
Investing activities		
Additions to property and equipment	(492,772)	(1,041,560)
Proceeds on disposal of equipment	38,535	234,745
	(454,237)	(806,815)
(Decrease) increase in cash	(4,026,912)	2,778,636
Cash and short-term deposits at the beginning of the year	16,894,314	14,115,678
Cash and short-term deposits at the end of the year	12,867,402	16,894,314

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1992

1. Authority and objective

The International Development Research Centre, a Corporation without share capital, was established in 1970 by the Parliament of Canada through the International Development Research Centre Act. The annual grant received from the Parliament of Canada is pursuant to External Affairs Vote 60 for the years ended March 31, 1992 and 1991.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

2. Change to the legal status

On February 25, 1992, it was announced in the Federal Budget that the government had decided to introduce "legislation to change the IDRC's legal status to that of a departmental corporation... to bring its administrative regime into conformity with that of the rest of the public service, while maintaining the Centre's distinctive research function and its international board."

On June 12, 1992, the Government of Canada announced that the mandate of the Centre would be broadened so as to deal specifically with the environment and related concerns. The Prime Minister invited the Secretary General, on behalf of the agencies of the United Nations, to propose the 10 non-Canadian members of the Board of the Centre, further internationalizing the Centre and creating a new partnership between Canada and the UN.

As negotiations with the Government about these two announcements are ongoing, it is too early to determine the specific impact on the Centre.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, conforming with International Accounting Standards, and reflect the following significant accounting policies.

Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful lives. Leasehold improvements are amortized over the terms of the respective leases. The methods and rates used to provide for the amortization of property and equipment are:

	Method	Rate(%)
Computer equipment	Straight-line	20
Leasehold improvements	Straight-line	5-50
Office furniture and equipment	Diminishing balance	20
Vehicles	Diminishing balance	30
Telephone system	Straight-line	20

Recognition of revenue

Parliamentary grants are recorded as revenue on an accrual basis.

Revenue in respect of contract research is recognized at the time the related project expenses are incurred. Contract research funds received in excess of expenses are included in current liabilities.

Accrued employee separation benefits

Employees are entitled to specified termination benefits, calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Deferred rent

Any rent-free period or other benefits associated with long-term leases are deferred and amortized over the term of the lease on a straight-line basis. With the changes in accounting policy that will result from a change in legal status, the Centre intends to offset deferred rent with equity.

Pension costs

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

Income taxes

The Centre is exempt from any income taxes.

Foreign-currency translation

Foreign-currency transactions are translated into Canadian dollars by the use of an average exchange rate that closely approximates the rate in effect at the transaction date. Monetary assets and liabilities are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year.

4. Cash and short-term deposits

	1992	1991
	$	$
Cash	(458,624)	(465,070)
Short-term deposits		
Canadian banks	10,345,136	8,530,333
Federal and provincial governments	1,491,240	
Commercial companies	1,489,650	6,754,895
Foreign-owned banks		2,074,156
	12,867,402	16,894,314

The cash balance includes $648,542 on deposit with the Bank of Credit and Commerce International (B.C.C.I.) in Sénégal. Access to these funds is restricted pending the outcome of discussions between the interim managers of B.C.C.I. in Sénégal, the Banque Centrale des États de l'Afrique de l'Ouest, and a prospective purchaser, the African Development Bank.

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1992—*Concluded*

5. Property and equipment

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Computer equipment	5,836,574	3,517,129	2,319,445	3,050,789
Office furniture and equipment	1,864,360	1,223,816	640,544	702,983
Leasehold improvements	1,245,422	580,376	665,046	785,152
Telephone system	936,082	785,705	150,377	80,190
Vehicles	882,816	560,840	321,976	412,563
	10,765,254	6,667,866	4,097,388	5,031,677

Amortization for the year ended March 31, 1992 amounted to $1,374,507 (1991, $1,374,701).

6. Endowment funds

In 1987, the estate of the late John Bene established a fund to provide a postgraduate fellowship in the field of social forestry. During the same year, a former member of the Board of Governors of the Centre established a fund for applied or mission-oriented research. In 1990, the Centre received a contribution from the V International Conference on AIDS (acquired immune deficiency syndrome), which was used to establish a fund for the purpose of AIDS research in the Third World.

	1992	1991
	$	$
Balance at the beginning of the year	293,041	433,475
Interest income	23,890	48,816
Expenses	(102,393)	(189,250)
Balance at the end of the year	214,538	293,041
John Bene	159,945	161,006
Governor	20,862	19,267
AIDS	33,731	112,768
Total endowment funds	214,538	293,041

7. Accounts payable and accrued liabilities

	1992	1991
	$	$
Accrued liabilities—Projects	5,694,784	6,686,751
Accrued annual and other leave benefits	1,510,613	1,472,304
Other	2,987,786	2,066,772
Restructuring program	5,466,731	
Employee separation benefits	875,401	
	16,535,315	10,225,827

8. Contract research

Contract research relates to research conducted or managed by the Centre. The research is funded by international agencies, the Canadian International Development Agency (CIDA), and other federal government entities.

Contract research expenses of $5,537,197 (1991, $5,133,337) include $3,993,333 (1991, $4,681,921) expended on behalf of CIDA. In addition, the Centre received $214,796 (1991, $146,646) as an administration fee from CIDA, which is included in investment and other income.

Contract research current liabilities of $520,651 (1991, $650,181) include $124,783 (1991, $139,266) related AIDS activities.

9. Restructuring program expenses

During the year, the Board of Governors approved the "IDRC Strategy 1991" which included measures to restructure the Centre's programs and operations at Head Office and the Regional Offices. These measures resulted in a workforce reduction of about 20% to be implemented during the current year and 1992-93.

The restructuring expenses include estimates for payments to employees under the special compensation program and other costs.

Special compensation program	5,407,362
Employee assistance and professional fees	317,206
Program administration	79,154
	5,803,722

10. Operating leases

The Centre has entered into various lease arrangements for office premises, equipment, and staff accommodation in Canada and in various countries. The total minimum annual payments under such lease arrangements will be:

Year ending March 31	$
1993	5,770,801
1994	5,141,685
1995	4,955,140
1996	4,992,292
1997	5,100,864
1998-2000	3,342,361
	29,303,143

11. Contractual commitments—Project grants and project development

The Centre is committed to make payments of about $105 million during the next 4 years subject to funds being provided by Parliament and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totaling $15.8 million and is awaiting acceptance of these offers.

LAURENTIAN PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Laurentian Pilotage Authority as at December 31, 1991 and the statements of operations, contributed capital, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations and the by-laws of the Authority.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 13, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Accounts receivable	4,905,298	4,197,331
Receivable from Canada (Note 3)	1,500,000	375,000
	6,405,298	4,572,331
Capital (Note 4)		
Land, buildings, pilot boats and other facilities	2,245,833	2,280,897
Less: accumulated amortization	1,735,607	1,737,817
	510,226	543,080
	6,915,524	5,115,411

LIABILITIES	1991	1990
	$	$
Current		
Bank indebtedness	1,350,945	1,316,093
Accounts payable	6,489,191	4,421,225
	7,840,136	5,737,318
Provision for employee termination benefits	745,000	686,000
	8,585,136	6,423,318
Contingencies (Note 5)		
EQUITY DEFICIENCY OF CANADA		
Contributed capital	1,158,701	1,101,016
Deficit	(2,828,313)	(2,408,923)
	(1,669,612)	(1,307,907)
	6,915,524	5,115,411

Approved by the Authority:

JACQUES MARQUIS
Chairman

RAYMOND BOISSONNEAULT
Member

LAURENTIAN PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenues		
Pilotage charges (Note 5)	28,901,229	28,487,007
Interest and other revenues	64,312	102,251
	28,965,541	28,589,258
Expenses		
Pilots' fees, salaries and benefits	27,786,113	24,597,266
Operating costs of pilot boats	2,910,241	3,071,431
Staff salaries and benefits	1,755,925	1,756,995
Professional services and members' allowances	650,484	546,844
Rentals	213,092	208,477
Financing costs	185,115	33,518
Communications	158,464	158,246
Transportation, travel and hospitality	148,036	222,038
Utilities, material and supplies	127,591	74,109
Maintenance	37,552	43,976
Bad debts	22,109	14,095
Other	88,831	94,319
	34,083,553	30,821,314
Net loss for the year	5,118,012	2,232,056

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	1,101,016	1,064,717
Parliamentary appropriation to finance the previous year's acquisition of capital assets (Note 3)	57,685	36,299
Balance at end of the year	1,158,701	1,101,016

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Balance at beginning of the year	2,408,923	2,188,158
Net loss for the year	5,118,012	2,232,056
Parliamentary appropriation to finance the operating deficit (Note 3)		
—Previous year	(1,698,622)	(1,636,291)
—Current year	(3,000,000)	(375,000)
Balance at end of the year	2,828,313	2,408,923

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Operating activities		
Net loss for the year	5,118,012	2,232,056
Non-cash items		
Amortization of capital assets	(79,850)	(157,434)
Increase in the provision for employee termination benefits	(59,000)	(1,000)
	4,979,162	2,073,622
Increase (decrease) in accounts receivable	707,967	(1,107,826)
Decrease (increase) in accounts payable	(2,067,966)	1,205,008
	3,619,163	2,170,804
Investing activities		
Additions to capital assets—Net	46,996	57,685
Financing activities		
Parliamentary appropriation	(3,631,307)	(1,672,590)
Bank indebtedness		
Increase for the year	34,852	555,899
Balance at beginning of the year	1,316,093	760,194
Balance at end of the year	1,350,945	1,316,093

LAURENTIAN PILOTAGE AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Authority and activities

The Laurentian Pilotage Authority was established in February 1972 under the Pilotage Act. Its objectives are to establish, operate, maintain and administer in the interests of safety an efficient pilotage service within certain designated Canadian waters in and around the Province of Quebec. The Act provides that pilotage tariffs shall be fair and reasonable and assure a revenue which, together with any revenue from other sources, is sufficient to permit the Authority to operate on a self-sustaining basis.

The Authority is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

2. Significant accounting policies

Capital assets

Capital assets obtained from Canada when the Authority was established were recorded at the then assigned values. Capital assets purchased subsequently by the Authority are recorded at cost.

Capital assets are amortized using the straight-line method, at rates based on the estimated useful lives of the assets.

Contributed capital

The values assigned to the capital assets obtained from Canada when the Authority was established and the net cost of capital assets financed from parliamentary appropriations are recorded as contributed capital.

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament, to contributed capital for that portion pertaining to the acquisition of capital assets and to the deficit for that pertaining to operations. In this respect, operating expenditures include only those which require an outlay of funds.

Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Authority contribute equally to the cost of the Plan. This contribution represents the total liability of the Authority. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

3. Parliamentary appropriation

On September 26, 1991, the Treasury Board approved two temporary allotments of $1,500,000 each from its Vote 5, Government Contingencies, prior to the release in Supplementary Estimates for 1991-92 of an appropriation to cover the Authority's cash deficit for the year 1991. The Treasury Board approved an appropriation of up to $5,243,000 in the Supplementary Estimates for 1991-92 to that effect.

4. Capital assets

Details of capital assets are as follows:

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	9,300		9,300	9,300
Buildings	38,056	28,656	9,400	10,900
Pilot boats	1,417,538	1,201,388	216,150	252,524
Furniture and fixtures	228,420	117,112	111,308	81,843
Communications equipment	159,852	127,646	32,206	41,670
Boarding facilities	223,634	167,837	55,797	62,326
Wharf improvements	169,033	92,968	76,065	84,517
	2,245,833	1,735,607	510,226	543,080

Amortization for the year is $79,850 ($157,434 in 1990).

The estimated useful lives for the principal categories of capital assets for the purposes of calculating amortization are as follows:

Buildings	10 years
Pilot boats	10 and 15 years
Furniture and fixtures	10 years
Communications equipment	10 years
Boarding facilities	10 and 20 years
Wharf improvements	20 years

5. Contingencies

a) Certain double pilotage charges

Certain double pilotage charges recorded during the year, totalling about $400,000, are being disputed. The future resolution of this issue could possibly give rise to reimbursements.

b) Tariff amendments

Tariff amendments became effective on December 13, 1991 by an Order of the Governor in Council on the recommendation of the National Transportation Agency. The increase of about $150,000 in pilotage charges due to these amendments has been recorded as revenues. An application seeking changes to these amendments has been filed with the Federal Court on behalf of certain users.

LAURENTIAN PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

c) Compliance with the Pilotage Act

On November 1, 1991, in a lawsuit before the Federal Court by a supplier of pilot boat services, a decision has been rendered to the effect that the Authority was not empowered under the Pilotage Act to enter into a contract for the transportation in the Port of Quebec and its surroundings of pilots and apprentice pilots who are not employees, on the basis that these services are not for the Authority's use.

The Authority immediately complied with the terms of the Court's decision as they pertained to the matter judged and it has since lodged an appeal of the decision.

There will be significant repercussions on the Authority's operations should the decision be upheld.

d) Other claims and lawsuits

In connection with its operations, the Authority is the claimant or defendant or otherwise involved in certain pending claims and lawsuits. Some of the claims or lawsuits are for the purpose of contesting the validity of certain of the Authority's regulations or the application thereof and could, in the event that the other parties succeed, give rise to serious financial consequences for the Authority. Those claims and lawsuits amount to approximately $1,500,000. No provision has been recorded in the accounts in this regard.

Any payment to be made by the Authority as a result of the above mentioned issues will be charged to operations in the year in which a decision is rendered.

6. Related party transactions

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

MARINE ATLANTIC INC.

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Marine Atlantic Inc. as at December 31, 1991 and the consolidated statements of earnings, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and of its wholly-owned subsidiaries that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Marine Atlantic Inc. Acquisition Authorization Act and the articles of incorporation and by-laws of the Corporation and its wholly-owned subsidiaries.

Ottawa, Canada

L. Denis Desautels, FCA
Auditor General of Canada

Moncton, Canada
February 14, 1992

Peat Marwick Thorne
Chartered Accountants

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1991
(with comparative figures for 1990)
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash	4,687	19,258
Accounts receivable	8,988	8,203
Accounts receivable trade—Subsidiary	326	
Capital assistance receivable, Government of Canada (Notes 3 and 9)	1,613	4,717
Accrued revenue, Government of Canada (Note 3)	17,248	20,104
Account receivable, Government of Canada		7,752
Inventory of fuel and supplies	6,404	5,280
Prepaid expenses	1,594	3,333
	40,860	68,647
Long-term receivables	166	102
Capital assets and deferred charges (Note 4)	397,261	411,214
	438,287	479,963

LIABILITIES AND SHAREHOLDER'S DEFICIENCY	1991	1990
Current liabilities		
Accounts payable and accrued liabilities	18,601	25,775
Accounts payable trade—Subsidiary		1,789
Accrued separation benefits		4,344
Accrued vacation pay and vessel refit expense	17,248	20,104
Due to subsidiary company (Notes 5 and 6)	1,686	7,752
Losses of subsidiary in excess of the cost of the investment (Note 5)	939	676
Deferred revenues		11,194
Due to Government of Canada (Note 6)	5,839	
	44,313	71,634
Provision for capital assistance (Note 7)	397,261	411,214
SHAREHOLDER'S DEFICIENCY		
Share capital		
Authorized: Unlimited number common shares, without par value		
Issued and fully paid: 517,061 common shares	258,530	258,530
Deficit	(261,817)	(261,415)
	(3,287)	(2,885)
Commitments and contingencies (Notes 2 (i) and 8)		
	438,287	479,963

See accompanying notes to consolidated financial statements.

On behalf of the Board:

ALAN K. SCALES
Director

TERRY W. IVANY
Director

MARINE ATLANTIC INC.—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS YEAR ENDED DECEMBER 31, 1991 (with comparative figures for 1990) (in thousands of dollars)

	1991	1990
Commercial revenue	73,726	71,876
Operating expenses		
Marine Atlantic Inc.	184,307	193,863
Other services	3,954	4,367
Amortization	26,297	26,184
	214,558	224,414
Loss from operations	140,832	152,538
Government contract revenue—		
Accrued (Note 3)	(2,856)	897
Subsidies and contracted services	3,160	3,854
Reduction in provision for capital assistance (Note 7)	26,297	26,184
Interest and other earnings	1,903	1,671
Loss before government contract revenue received	112,328	119,932
Government contract revenue received (Note 6)	120,000	120,000
	7,672	68
Government contract revenue refunded (Note 6)	7,811	
Earnings (loss) from continuing operations	(139)	68
Loss from discontinued operation (Note 5)	(263)	(227)
Net loss	(402)	(159)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF DEFICIT YEAR ENDED DECEMBER 31, 1991 (with comparative figures for 1990) (in thousands of dollars)

	1991	1990
Deficit, beginning of year		
As previously reported	(257,454)	(259,879)
Adjustments to prior years (Note 9)	(3,961)	(3,961)
As restated	(261,415)	(263,840)
Funding contribution applied to reduce deficit		2,584
Net loss	(402)	(159)
Deficit, end of year	(261,817)	(261,415)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 1991 (with comparative figures for 1990) (in thousands of dollars)

	1991	1990
Cash provided by (used in)		
Operations		
Earnings (loss) from continuing operations	(139)	68
Change in non-cash operating working capital	(17,472)	17,355
	(17,611)	17,423
Financing		
Reduction in provision for capital assistance due to disposal of capital assets	(19)	(176)
Capital assistance	15,467	8,035
	15,448	7,859
Investments		
Expenditures on capital assets and deferred charges	(12,363)	(11,942)
Net proceeds on disposal of capital assets	19	576
Long-term receivables	(64)	(65)
Investment in subsidiary		(272)
	(12,408)	(11,703)
Increase (decrease) in cash from continuing operations	(14,571)	13,579
Cash, beginning of year	19,258	5,679
Cash, end of year	4,687	19,258

See accompanying notes to consolidated financial statements.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991

(in thousands of dollars)

1. Nature of operations and authority

The Marine Atlantic Inc. Acquisition Authorization Act was proclaimed in 1986. In accordance with the Act, the Corporation's articles restrict the business that it may carry on to the acquisition, establishment, management and operation of a marine transportation service, a marine maintenance repair and refit service, a marine construction business and any service or business related thereto. Marine Atlantic Inc. is a Crown corporation listed in Schedule III, Part I of the Financial Administration Act and is not subject to income tax under the provisions of the Income Tax Act.

The Corporation's activities are also governed by agreements negotiated with the Government of Canada. The agreements provide, among other things, for the Corporation to receive contract revenues from the Government of Canada to the extent that the cost of providing ferry, coastal, terminal and water services is not recovered from commercial revenues. In addition, and subject to parliamentary appropriations, amounts are received to finance the acquisition of capital assets on a proven cash needs basis. The allocation of funds received in respect of contract revenue and the acquisition of capital assets are subject to approval by the Minister of Transport. As a result, the Corporation is economically dependent on the Government of Canada for the funds it receives through these arrangements.

2. Significant accounting policies

(a) Consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, Coastal Transport Limited. All intercompany transactions between the parent company and Coastal Transport Limited have been eliminated in these consolidated financial statements. (See also Note 5 concerning Newfoundland Dockyard Corporation).

(b) Inventory of fuel and supplies

Inventories are valued at the lower of cost and replacement cost. Cost is determined on a weighted-average basis.

(c) Capital assets

Capital assets are carried at the cost to acquire them less accumulated amortization. Due to a change in funding arrangements with the Corporation's shareholder in 1986, and as explained further in Note 7, a provision has been made for those capital costs not considered recoverable from future revenue sources.

(d) Amortization

Amortization is calculated at rates sufficient to write off capital assets over their estimated useful lives generally on a straight-line basis. The rates for significant classes of assets are as follows:

Vessels	5%
Terminal properties	2.5%
Equipment	10%, 12.5% and 25%
Leasehold improvements	lesser of 5 years or term of lease

(e) Deferred charges

Deferred charges are accounted for at cost less accumulated amortization. They are being amortized to income on a straight line basis over periods not exceeding 60 months.

(f) Government contract revenue and government contract revenue—Accrued

(i) Revenues received under contract to provide ferry service to Atlantic Canada are based on operating budgets approved by the Government of Canada for each year and are included in income in the year received to fund operating expenses in excess of commercial revenues. At the end of the fiscal year, government contract revenue is refunded to eliminate any operating surplus.

(ii) Revenue for vacation pay and vessel refits is accrued to the extent that the amounts are reasonably assured of being recovered from future contract revenue.

(g) Capital assistance

Amounts received or receivable from the Government of Canada, under the Capital Funding Agreement, to finance the acquisition of capital assets are recorded in the Provision for Capital Assistance in the year in which the related capital assets are capitalized, and are amortized to income on the same basis and over the same periods as the related capital assets are amortized.

In management's opinion, the amounts received under the Capital Funding Agreement represent general capital assistance funds, not equity contributions from the Government of Canada as shareholder. Equity contributions, had there been any, would have been reflected as contributed capital in shareholder's deficiency.

(h) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the year end. Gains and losses arising on translation are included in net earnings. Other assets and liabilities, revenues and expenses are translated using exchange rates in effect at the date of the transaction.

(i) Employee compensation

(i) Pension plans

Substantially all of the Corporation's employees are covered by a defined benefit retirement plan. Pension costs related to benefits earned by employees in the current year are charged to income. The value of the accrued pension benefits for services rendered to December 31, 1991, of $297,658 has been determined by the Corporation's actuaries using best estimate assumptions provided by management. The pension fund assets of $289,281 as at December 31, 1991 have been valued using market related values.

The Canadian National Railway pension plan pays pension benefits to retired employees who worked for the predecessor organizations to Marine Atlantic Inc. Canadian National Railway has claimed $4,200 from Marine Atlantic Inc. due to improvements in benefits to these retirees. Marine Atlantic Inc. disputes the amount of the liability and thus it is not reflected in the Marine Atlantic Inc. unfunded pension liabilities.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Continued*

The net deficiency for the plan at January 1, 1989, the date of last actuarial evaluation, is being amortized on a straight-line basis over the estimated average remaining service lives of the related employee group.

(ii) Personal injury costs

Certain employees, retired as a result of injury, receive specified pension benefits. The Corporation recognizes the benefit payouts as an expense in the year paid.

(j) Vessel spare parts

The Corporation maintains spare parts for vessels in service. The cost of spare parts is charged to operations in the year the purchase is made.

3. Accounts receivable, Government of Canada

(a) Capital assistance receivable, Government of Canada

Under contractual terms contained in the Corporation's Capital Funding Agreement, the Corporation receives payments against its approved capital budget in installments calculated in reference to its monthly working capital deficiency or cash requirements. The amount receivable at December 31, 1991 represents the outstanding balance under the Capital Funding Agreement for assets acquired but not funded by the Government of Canada.

(b) Accrued revenue, Government of Canada

Revenue for vacation pay and vessel refits in the amount of $17,248 is accrued pursuant to the accounting policy described in Note 2 (f) (ii).

4. Capital assets and deferred charges

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
Vessels	434,215	130,184	304,031	322,948
Terminal properties	95,647	29,068	66,579	68,485
Equipment	17,013	13,011	4,002	5,296
Leasehold improvements	283	142	141	138
	547,158	172,405	374,753	396,867
Assets under construction	22,151		22,151	12,745
	569,309	172,405	396,904	409,612
Deferred charges	5,827	5,470	357	1,602
	575,136	177,875	397,261	411,214

5. Discontinued operation

On instructions of the Minister of Transport, dated January 11, 1991, the Corporation has prepared a formal plan to dispose of a subsidiary, the Newfoundland Dockyard Corporation. This subsidiary is engaged in the ship repair business. Approval of the actual privatization method is expected in 1992. Accordingly, the subsidiary is not being consolidated. The investment in the subsidiary is accounted for at the lower of the net realizable value and the carrying value of the investment using the equity method.

Newfoundland Dockyard Corporation had been subject to an Agreement with the Government of Canada which had provided it with subsidies to cover operating losses up to $9,600 to March 31, 1991. Actual cash operating losses for the period covered by this agreement totalled $9,185 (1991—$1,433, 1990 and prior years—$7,752). The Minister of Transport has agreed to make an additional contribution to Marine Atlantic Inc. for cash operating losses and capital expenditures of Newfoundland Dockyard Corporation to March 31, 1992 up to $3,500. The amount payable as of December 31, 1991 to Newfoundland Dockyard Corporation has been recognized as an offset against the payable to the Government of Canada (see Note 6).

The results of the subsidiary's operations are as follows:

	1991	1990
Revenue	9,446	12,941
Operating expenses	12,828	18,336
	(3,382)	(5,395)
Government assistance	3,119	5,168
Loss from discontinued operation	(263)	(227)
Funding contribution to reduce deficit		2,584
Increase (decrease) in investment in subsidiary	(263)	2,357

Newfoundland Dockyard Corporation had sales to the parent company of $3,211 in 1991 (1990—$3,641).

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Continued*

The amounts of the assets and liabilities of the subsidiary at December 31, which are not consolidated, are summarized as follows:

	1991	1990
Current assets	2,645	3,318
Funding contribution due from parent	1,686	7,752
Capital assistance due from parent		272
Capital assets	8,728	9,005
	13,059	20,347
Less		
Bank indebtedness	800	8,471
Current liabilities	2,409	1,752
Provision for capital assistance	2,724	2,735
Long-term debt	8,065	8,065
	13,998	21,023
Losses of subsidiary in excess of the cost of the investment	939	676

The subsidiary's changes in cash position are as follows:

	1991	1990
Cash provided by (used in)		
Operations		
Loss from discontinued operation	(263)	(227)
Amortization, which does not involve cash	263	261
Change in non-cash operating working capital	7,669	(6,920)
	7,669	(6,886)
Financing		
Ministry of Transport capital contribution	286	
Amounts due from parent for capital projects		272
Due from parent—Cash deficit		2,584
	286	2,856
Investment		
Expenditures on capital assets	(284)	(272)
Increase (decrease) in cash from discontinued operation	7,671	(4,302)
Cash position, beginning of year	(8,471)	(4,169)
Cash position, end of year	(800)	(8,471)

6. Government contract revenue

The operating contract with the Government of Canada permitted the Corporation to use up to $120,000 for the provision of ferry services in Atlantic Canada. As a result of operating expenditures being less than budget, the Corporation required only $112,189. The excess government contract revenue has been accounted for as follows:

Due to Government of Canada	5,839
Due to subsidiary company	1,686
Paid to subsidiary company	286
	7,811

7. Provision for capital assistance

In accordance with changes in 1986 in the contractual funding agreements, future amortization on those capital assets and deferred charges acquired prior to January 1, 1987, and which had substantially been financed through the issue of capital stock, were no longer recoverable under contracts with the Government of Canada. Management considers it unlikely that the Corporation will generate sufficient commercial revenue to recover these costs. Accordingly, in 1986 management provided $290,600 as an adjustment to retained earnings. This provision for capital assistance is reduced as the related assets are amortized or upon their disposition. The provision for capital assistance is also charged annually with amounts received or receivable from the Government of Canada to finance the acquisition of capital assets (see Note 2 (g)).

8. Commitments and contingencies

(a) The total amount required to complete contracted capital assets under construction at December 31, 1991 is estimated to be $75 (1990—$8,700).

(b) The Corporation is in receipt of claims, an estimated $822 of which is in litigation and another $441 of which has not yet reached litigation; however any final determination as to the Corporation's exposure is presently unknown. Other legal actions are also outstanding and it is the opinion of management that the outcome of these actions will not have a material adverse effect on the Corporation's financial position. The financial statements reflect the accrual of management's best estimate of the liability.

(c) The Corporation makes use of property which is available through operating leases. The minimum annual lease payments are as follows: 1992—$1,106; 1993—$1,081; 1994—$669; 1995—$623; 1996—$484 and 1997 and future periods—$1,613.

(d) The Corporation charters vessels to complement its existing fleet. The minimum annual vessel charter payments are as follows: 1992—$3,966; 1993—$3,966; 1994—$2,774; 1995—$2,774 and 1996—$866.

MARINE ATLANTIC INC.—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

9. Adjustment to prior years

In prior periods the Corporation used surplus operating funds to finance the acquisition of capital assets. These amounts were recognized as receivable from the Government of Canada under the terms of the Capital Funding Agreement.

In 1991 the Corporation's Capital Funding Agreement was changed to require the Corporation to use surplus operating funds to purchase capital assets. As a result the Corporation no longer has reasonable assurance of collecting a portion of the capital assistance accounts receivable that had arisen previous to 1990, and therefore the receivable has been adjusted to reflect a balance that is reasonably assured of being collected. The adjustment of $3,961 has been charged to the deficit and is reflected in the 1990 comparative figures.

10. Comparative figures

Certain comparative figures have been restated to conform with the presentation adopted for 1991.

MINGAN ASSOCIATES, LTD.

THE CORPORATION HAS NEGLIGIBLE ASSETS AND WAS INACTIVE
DURING THE REPORT PERIOD

MONTRÉAL PORT CORPORATION

AUDITOR'S REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Montréal Port Corporation as at December 31, 1991 and the statements of earnings, retained earnings, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Furthermore, in our opinion, the transactions of the Corporation that have come under our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and with the charter and by-laws of the Corporation.

Samson Bélair/Deloitte & Touche
Chartered Accountants

Montréal, Canada
February 7, 1992

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash	310	252
Investments (Note 3)	12,702	16,222
Accounts receivable	9,870	11,365
Materials and supplies	893	929
	23,775	28,768
Investments in a business held for resale (Note 4)	3,536	3,598
Long-term investments (Note 3)	27,177	32,927
Fixed assets (Note 5)	162,055	165,327
Other assets	1,779	575
	218,322	231,195

LIABILITIES	1991	1990
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	6,687	21,728
Grants in lieu of municipal taxes	778	2,970
	7,465	24,698
Accrued employee benefits	4,693	5,291
Loans from Canada (Note 7)	5,181	5,669
	17,339	35,658
EQUITY OF CANADA		
Contributed capital	158,919	158,919
Retained earnings	42,064	36,618
	200,983	195,537
	218,322	231,195

Approved by the Board:

ANDRÉ GINGRAS
Chairman of the Board

DOMINIC J. TADDEO
President and Chief Executive Officer

MONTRÉAL PORT CORPORATION—*Continued*

STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenue from operations	53,601	55,552
Operating and administrative expenses	37,909	37,175
Depreciation	10,648	10,145
Grants in lieu of municipal taxes	3,823	4,653
	52,380	51,973
Earnings from operations	1,221	3,579
Investment income	5,009	7,609
Interest expense	(383)	(410)
	4,626	7,199
Earnings before the following item	5,847	10,778
Adjustment of grants in lieu of municipal taxes from previous years	2,294	
Net earnings	8,141	10,778

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Balance, beginning of year	36,618	27,079
Net earnings	8,141	10,778
Dividends	(2,695)	(1,239)
Balance, end of year	42,064	36,618

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Balance, beginning of year	158,919	183,569
Special contribution to Canada		24,650
Balance, end of year	158,919	158,919

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Net inflow (outflow) of cash related to the following activities		
Operating		
Net earnings	8,141	10,778
Items not affecting cash		
Depreciation	10,648	10,145
Other	(364)	(461)
	18,425	20,462
Changes in non-cash operating working capital items (Note 8)	(3,286)	2,653
	15,139	23,115
Financing		
Repayment of current portion of loans from Canada	(460)	(432)
Increase (decrease) in accrued employee benefits	(598)	85
Dividends paid	(2,695)	(1,239)
Special contribution to Canada	(12,325)	(12,325)
	(16,078)	(13,911)
Investing		
Decrease (increase) in investments in a business held for resale	62	(3,598)
Decrease in long-term investments	5,750	6,822
Acquisition of fixed assets (net)	(7,012)	(18,022)
Decrease in deposits on land sold		(355)
Acquisition of other assets (net)	(1,323)	
	(2,523)	(15,153)
Net cash outflow	(3,462)	(5,949)
Cash position, beginning of year	16,474	22,423
Cash position, end of year	13,012	16,474
Represented by		
Cash	310	252
Short-term investments	12,702	16,222
	13,012	16,474

MONTRÉAL PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Description of business

The Montréal Port Corporation (the Corporation) was incorporated by letters patent in accordance with subsection 6.2(I) of the Canada Ports Corporation Act on July 1, 1983.

Under section 6.5 of the same Act, on the establishment of a local port corporation, all rights, obligations and liabilities of the Canada Ports Corporation in relation to that harbour shall become rights, obligations and liabilities of the local port corporation and the administration of all such property and works within the limits of that harbour administered by the Board shall be deemed to have been transferred to the local port corporation, in this case the Corporation.

2. Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

(a) Investments in a business held for resale

In 1990, the Corporation, and a subsidiary created for this purpose, acquired a business operating a harbour in Contrecoeur. Since the date of acquisition, the Corporation has intended to resell the assets of this business, other than the land, which are held by the subsidiary. In accordance with generally accepted accounting principles, the Corporation does not include its investments in the subsidiary in the consolidation. As a result, the investment is presented at cost and estimated net realizable value.

(b) Investments

Investments are shown at amortized cost, with premiums or discounts amortized over their periods to maturity.

(c) Materials and supplies

Materials and supplies are valued at the lower of cost and replacement cost. Cost is determined substantially on an average cost basis.

(d) Fixed assets

Fixed assets are recorded at original cost with related accumulated depreciation transferred from Canada Ports Corporation; subsequent acquisitions are recorded at cost.

Depreciation is calculated according to the straight-line method for the full year, commencing in the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

(e) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

(f) Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(g) Employee benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements or in accordance with Corporation policy.

3. Investments

Funds are invested in direct and guaranteed securities of Canada. As at December 31, 1991, the market value of the short-term investments is equivalent to their amortized cost, and the market value of long-term investments is $32,645,919 ($35,135,092 in 1990).

4. Investments in a business held for resale

	1991	1990
	(in thousands of dollars)	
Common shares	1	1
Advances, without terms of repayment	3,535	3,597
	3,536	3,598

MONTRÉAL PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

5. Fixed assets

	Depreciation rates	Cost	Accumulated depreciation	1991 Net book value	1990 Net book value
	%	(in thousands of dollars)			
Land		38,585		38,585	37,529
Dredging	2.5	16,178	13,221	2,957	3,242
Berthing structures	2.5	60,125	42,097	18,028	20,622
Buildings	2.5-10	70,179	34,209	35,970	38,066
Utilities	3.3-10	19,394	9,244	10,150	9,318
Roads and surfaces	2.5-10	63,131	22,728	40,403	39,372
Machinery and equipment	5-20	58,443	43,898	14,545	15,685
Office furniture and equipment	20	4,181	2,769	1,412	1,296
		330,216	168,166	162,050	165,130
Projects under construction		5		5	197
		330,221	168,166	162,055	165,327

6. Accounts payable and accrued liabilities

	1991	1990
	(in thousands of dollars)	
Special contribution to Canada		12,325
Current portion of loans from Canada	488	460
Deferred revenue	523	828
Other	5,676	8,115
	6,687	21,728

7. Loans from Canada

	1991	1990
	(in thousands of dollars)	
Loans, 6.25%, payable to 2000 in annual instalments of $842,561 including interest	5,669	6,129
Current portion	488	460
	5,181	5,669

Principal repayment requirements over the next five years amount to:

	(in thousands of dollars)
1992	488,249
1993	518,765
1994	551,187
1995	585,636
1996	622,238

8. Changes in non-cash operating working capital items

	1991	1990
	(in thousands of dollars)	
Accounts receivable	1,614	(766)
Materials and supplies	36	11
Accounts payable and accrued liabilities	(2,744)	1,258
Grants in lieu of municipal taxes	(2,192)	2,150
	(3,286)	2,653

9. Contingencies

Claims aggregating approximately $2,500,000 in respect of lawsuits, guarantees and damages allegedly suffered on the Corporation property and sundry legal matters in dispute have been made against the Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material loss.

10. Commitments

(a) Contractual obligations for the completion, construction and purchase of property, plant and equipment are estimated at $160,000.

(b) In accordance with a Canada policy concerning payment of dividends, the Corporation would be required to pay a dividend, in respect of the 1991 fiscal year, based on a method of calculation using net earnings. This dividend, payable before March 31, 1992, would amount to approximately $1,500,000 and would be applied against retained earnings.

11. Related party transactions

In the ordinary course of business, the Corporation enters into transactions with related parties, including the business held for resale, Canada and its agencies and other Crown corporations.

The Corporation derives revenue from related parties principally from grain warehousing, switching charges and rental income and management fees. The expenses paid to related parties are principally administration fees.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NATIONAL ARTS CENTRE CORPORATION

AUDITOR'S REPORT

TO THE CHAIRMAN OF THE BOARD OF TRUSTEES
NATIONAL ARTS CENTRE CORPORATION

I have audited the balance sheet of the National Arts Centre Corporation as at August 31, 1991 and the statements of operations, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
November 1, 1991

BALANCE SHEET AS AT AUGUST 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	921,448	
Short-term investments	2,394,146	611,055
Accounts receivable (Note 3)	1,602,997	1,700,244
Inventories	653,305	528,579
Programmes in progress	1,295,143	1,222,080
Prepaid expenses	140,744	130,311
	7,007,783	4,192,269
Capital assets (Note 4)	3,137,057	3,484,874
	10,144,840	7,677,143

LIABILITIES	1991	1990
	$	$
Current		
Bank overdraft		410,815
Bank loan		535,000
Accounts payable and accrued liabilities	3,335,575	2,854,414
Deferred revenue	2,926,825	3,179,917
Deferred parliamentary appropriation		
Major capital projects (Note 5)	1,446,858	147,133
Operating (Note 6)	1,153,334	
	8,862,592	7,127,279
Provision for employee termination benefits	774,317	666,414
	9,636,909	7,793,693
EQUITY OF CANADA		
Surplus (deficit)	507,931	(116,550)
	10,144,840	7,677,143

Approved by Management:

YVON DESROCHERS
Director General

RICHARD LUSSIER
Director of Finance and Administration

Approved by the Board of Trustees:

ROBERT LANDRY
Chairman

LEON KOSSAR
Trustee

NATIONAL ARTS CENTRE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 1991

	1991	1990
	$	$
Operating revenue		
Performing arts programmes (Schedule 1)	7,143,167	10,184,477
Commercial services (Schedule 2)	8,809,355	8,012,526
Programme support services	357,206	283,504
Other	25,701	23,838
	16,335,429	18,504,345
Operating expenses (Schedule 3)		
Performing arts programmes (Schedule 1)	14,981,200	16,920,911
Commercial services (Schedule 2)	6,522,589	5,713,300
Operation of the buildings	5,253,658	5,321,036
Programme support services	4,758,384	4,477,606
Administrative services	3,225,530	3,111,592
Board of trustees	55,878	63,939
	34,797,239	35,608,384
Excess of operating expenses over operating revenue	18,461,810	17,104,039
Other income		
Interest on short-term investments	90,208	75,450
Regional municipal grant		230,000
	90,208	305,450
Excess of expenses over revenue	18,371,602	16,798,589

STATEMENT OF SURPLUS
FOR THE YEAR ENDED AUGUST 31, 1991

	1991	1990
	$	$
Surplus (deficit) at beginning of the year	(116,550)	337,706
Parliamentary appropriation—Operating	18,996,083	16,344,333
Excess of expenses over revenue	(18,371,602)	(16,798,589)
Surplus (deficit) for the year	624,481	(454,256)
Surplus (deficit) at end of the year	507,931	(116,550)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1991

	1991	1990
	$	$
Operating		
Excess of expenses over revenue	(18,371,602)	(16,798,589)
Items not affecting funds		
Amortization	818,521	880,917
Provision for employee termination benefits	107,903	42,015
Loss on disposal of capital assets	5,752	11,736
	(17,439,426)	(15,863,921)
Decrease in non-cash operating working capital	(412,489)	(288,208)
	(17,851,915)	(16,152,129)
Financing		
Parliamentary appropriations		
Operating	20,679,000	16,100,000
Major capital projects including interest earned	3,611,563	1,622,113
	24,290,563	17,722,113
Investing		
Major capital projects	(2,311,838)	(1,715,724)
Additions to capital assets	(476,456)	(923,136)
	(2,788,294)	(2,638,860)
Increase (decrease) in cash during the year	3,650,354	(1,068,876)
Cash and short-term investments (net bank indebtedness) at beginning of year	(334,760)	734,116
Cash and short-term investments (net bank indebtedness) at end of year	3,315,594	(334,760)

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1991

1. Objectives and operations

The objectives of the Corporation are: to operate and maintain the National Arts Centre; to develop the performing arts in the National Capital Region; and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

In furtherance of its objectives, the Corporation may arrange for and sponsor performing arts activities at the Centre; encourage and assist in the development of performing arts companies resident at the Centre; arrange for or sponsor radio and television broadcasts and the showing of films in the Centre; provide accommodation at the Centre, on such terms and conditions as the Corporation may fix, for national and local organizations whose objects include the development and encouragement of the performing arts in Canada; and, at the request of the Government of Canada or the Canada Council, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

With a view to achieving the objectives, Her Majesty demised and leased the National Arts Centre building complex to the Corporation for a period expiring May 31, 1992. Under the terms of the lease, the Corporation is responsible for maintenance and operation of the building complex, but is not required to pay for the use of the complex.

2. Significant accounting policies

(a) Short-term investments

Short-term investments are carried at cost which approximates market value.

(b) Grants

Grants are recorded as revenue in the year in which the grantors make firm commitments to the Corporation.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value for supplies or replacement cost for production materials, food and beverages.

(d) Programmes in progress

Direct costs, including advances to performing companies and artists, incurred prior to the end of the year for programmes in progress are deferred and charged to expenses in the year in which the programmes terminate. Indirect costs and common services not attributable to particular performances are charged to expenses in the year in which they are incurred.

(e) Capital assets

Capital assets used in the operations, other than the NAC complex, are recorded at cost. Amortization is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Building—L'Atelier	20 years
Equipment	5 and 7 years
Equipment under capital lease	5 and 7 years
Leasehold improvements	10 years

As the NAC complex is leased by the Corporation at no cost, no amortization is taken.

(f) Deferred revenue

Revenue from tickets sold prior to the end of the year for programmes in progress and revenue for hall rentals are deferred and credited to revenue in the year in which the programmes terminate. Revenue from gift certificates and exchange vouchers is deferred until the certificates and vouchers are redeemed. Gift certificates and exchange vouchers not redeemed within three years of the year of their issuance are credited to revenue. A percentage of those less than three years old is also credited to revenue.

(g) Operating expenses

Expenses relating to performing arts programmes and commercial services do not include costs relating to building and equipment maintenance, utilities and administrative services. The costs relating to furniture and equipment that are not capitalized are included as expenses of operations of the buildings and commercial services.

(h) Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan, administered by the Government of Canada. Contributions to the plan are required by both the employees and the Corporation on an equal basis. The Corporation's contributions represent the Corporation's total obligation and are recorded as they become due.

(i) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(j) Parliamentary appropriations

The parliamentary appropriation for operations, received during the period April 1 to August 31, is in respect of the Government of Canada's fiscal year ending on March 31 of the following year. The Corporation credits to surplus each month one-twelfth of the approved appropriation. Accordingly, of the amount received to August 31, the amount received is in excess of 5/12ths of the appropriation is deferred to the following year. In the event that the amount received is less than 5/12ths of the appropriation, the difference is recorded as a receivable.

The parliamentary appropriation received for major capital projects is deferred until used. An amount equal to the cost of the projects incurred during the year is deducted from the deferred parliamentary appropriation.

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1991—*Continued*

3. Accounts receivable

	1991	1990
	$	$
Customer accounts	1,115,421	542,558
Allowance for bad debts	(18,839)	(22,429)
	1,096,582	520,129
Provincial Sales Tax credit	315,309	
Goods and Services Tax credit	120,370	
Accrued interest	28,383	6,678
Tickets sold by a sales agency	23,498	520,515
Loans to musicians for the purchase of instruments	4,735	17,785
Parliamentary appropriation—Operating (Note 6)		529,583
Municipal grant—Regional		76,667
Other	14,120	28,887
	1,602,997	1,700,244

4. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	90,000		90,000	90,000
Building—L'Atelier	298,069	148,396	149,673	164,577
Equipment	5,130,553	3,636,485	1,494,068	1,530,294
Equipment under capital lease				11,500
Leasehold improvements	3,572,488	2,176,049	1,396,439	1,679,240
Uncompleted capital projects	6,877		6,877	9,263
	9,097,987	5,960,930	3,137,057	3,484,874

5. Deferred parliamentary appropriation—Major capital projects

	1991	1990
	$	$
Deferred from the previous year	147,133	240,744
Received during the year	3,500,000	1,500,000
Interest earned during the year	111,563	122,113
Expenses for the year	(2,311,838)	(1,715,724)
Deferred to the following year	1,446,858	147,133

6. Parliamentary appropriation—Operating

	1991	1990
	$	$
Receivable at beginning of year	529,583	285,250
Credited to surplus	18,996,083	16,344,333
Received during the year	(20,679,000)	(16,100,000)
(Deferred to the following year) receivable at end of year	(1,153,334)	529,583

7. Commitments

As at August 31, 1991, commitments for operating leases with terms of more than one year, amounted to $430,497. Future minimum payments under these arrangements are payable as follows:

Year ending August 31	$
1992	255,252
1993	105,086
1994	64,527
1995	5,632
1996	—
	430,497

Furthermore, the NAC entered into an agreement with a ticket sale agency. The agreement extends to 1996. Payments are based on the number of tickets sold; there are no minimum payments.

8. Related party transactions

In addition to the rental of the NAC complex, provided free of charge by the Government of Canada, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is partly financed by the Parliament of Canada.

During the year, transactions with these related departments, agencies and Crown corporations were in the normal course of business on normal trade terms applicable to all individuals and enterprises. Transactions with the Parliament of Canada are outlined in Notes 5 and 6.

9. Closing of Boutique

The boutique, A Capriccio, was closed on August 31, 1989. Inventories were disposed of during the year of 1990.

NATIONAL ARTS CENTRE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1991—*Concluded*

10. National Arts Centre Foundation

In 1991 the Board of Trustees approved the creation of the National Arts Centre Foundation, having a mandate to assist young Canadian artists, to develop innovative projects in support of the objectives of the National Arts Centre and to create a fund for awards and bursaries in recognition of excellence in the performing arts. During the 1991-92 financial year, the Board of Trustees will formally establish the Foundation, its Board of Directors and the conditions under which funds may be disbursed by the Foundation. The sum of $129,329 was received in 1990-91 from activities related to the Phantom of the Opera gala. The funds are recorded on the balance sheet under cash and accounts payable and accrued liabilities.

11. Comparative figures

Certain figures for the year ended August 31, 1990 have been reclassified to conform to the presentation adopted for the year ended August 31, 1991.

SCHEDULE OF REVENUE AND EXPENSES—PERFORMING ARTS PROGRAMMES FOR THE YEAR ENDED AUGUST 31, 1991 — SCHEDULE 1

	1991	1990
	$	$
Revenue		
Music	3,017,211	2,505,392
Theatre	2,178,079	2,193,612
Dance	1,342,314	1,390,998
Variety	569,820	4,072,679
Electronic distribution	3,386	8,698
Special projects	32,357	13,098
	7,143,167	10,184,477
Expenses		
Music	6,600,294	5,722,738
Theatre	5,034,234	4,747,471
Dance	2,270,183	1,825,830
Variety	620,319	4,182,792
Electronic distribution	306,849	280,215
Special projects	149,321	161,865
	14,981,200	16,920,911
Excess of expenses over revenue	7,838,033	6,736,434

SCHEDULE OF REVENUE AND EXPENSES—COMMERCIAL SERVICES FOR THE YEAR ENDED AUGUST 31, 1991 — SCHEDULE 2

	1991	1990
	$	$
Revenue		
Restaurants	5,164,830	4,845,688
Garage	2,033,865	2,322,092
Rental of halls	1,610,660	835,428
Boutique		9,318
	8,809,355	8,012,526
Expenses		
Restaurants	4,901,067	4,599,169
Garage	610,969	623,993
Rental of halls	1,010,553	436,391
Boutique		53,747
	6,522,589	5,713,300
Excess of revenue over expenses	2,286,766	2,299,226

SCHEDULE OF EXPENSES BY CATEGORY FOR THE YEAR ENDED AUGUST 31, 1991 — SCHEDULE 3

	1991	1990
	$	$
Salaries, wages and employee benefits	14,880,090	14,527,608
Performers' fees and expenses	8,915,367	10,098,906
Advertising and promotion	1,973,533	2,081,883
Cost of sales—Commercial services	1,792,398	1,740,941
Utilities	1,299,193	1,246,431
Repairs and maintenance	1,262,061	1,301,248
Amortization	818,521	880,917
Production expenses	798,751	900,213
Professional fees and expenses	741,067	570,902
Office expenses	595,048	577,067
Travel and duty entertainment	358,161	363,617
Commissions and service charges	287,538	291,653
Supplies and expenses—Commercial services	236,476	228,298
Warehouse rent	144,163	132,858
Furniture and equipment	137,356	179,374
Insurance	126,267	125,279
Telecommunications	120,236	129,410
Other	311,013	231,779
	34,797,239	35,608,384

NATIONAL CAPITAL COMMISSION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Capital Commission are the responsibility of management and have been approved by the members of the Commission. The financial statements have been prepared by management in accordance with generally accepted accounting principles.

Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that the assets are safeguarded and controlled and that transactions are in accordance with Part X of the Financial Administration Act and regulations, as well as the National Capital Act and by-laws of the Commission. Internal audits are conducted to assess these systems and practices.

The members of the Commission carry out their responsibilities for the financial statements principally through an Audit Committee that consists of members of the Commission only. The Audit Committee meets periodically with management as well as with the internal and external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls and to review and discuss financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without management being present.

The Commission's external auditor, the Auditor General of Canada, has audited the financial statements. He submits his report to the Minister of Public Works, who is responsible for the National Capital Commission.

Jean E. Pigott
Chairman

R. Curry Wood
Vice-President, Finance and Administration

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the National Capital Commission as at March 31, 1992 and the statements of operations, equity and changes in cash resources for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1992 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the National Capital Act and the by-laws of the Commission.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 12, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and short-term deposits (Note 3)	14,915	11,085
Accounts receivable		
Due from Canada	5,627	708
Federal government departments and agencies	3,916	2,099
Tenants and others	2,718	2,281
Operating supplies, small tools and nursery stock	715	695
Prepaid expenses	3,198	3,141
	31,089	20,009
Land, buildings and equipment (Note 4)	334,805	330,890
	365,894	350,899

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities	21,042	25,213
Holdbacks and deposits from contractors and others	1,935	1,307
	22,977	26,520
Long-term		
Accrued employee termination benefits	5,910	6,366
Unsettled expropriations of property	658	640
	6,568	7,006
EQUITY OF CANADA		
Equity of Canada	336,349	317,373
	365,894	350,899

Major commitments and contingencies (Notes 6 and 7).

Approved by the Commission:

JEAN E. PIGOTT
Chairman

IAN NUTE
Commissioner

NATIONAL CAPITAL COMMISSION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Cost of operations (Note 5)		
Transcendent	7,008	7,809
Safeguard and preserve	461	265
Communicate Canada	7,302	7,612
Meeting place	3,833	4,324
Operations/asset management	67,637	68,465
Operations/administration	25,745	25,577
	111,986	114,052
Revenues		
Rental operations and easements	12,665	12,432
Interest	1,741	1,812
Net gain on disposal of land, buildings and equipment (Note 8(b))	21,015	21,436
Other	5,614	4,436
	41,035	40,116
Net cost of operations	70,951	73,936
Parliamentary appropriations for operations	79,138	80,517
Parliamentary appropriations over net cost of operations	8,187	6,581

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Parliamentary appropriations over net cost of operations	8,187	6,581
Items not involving cash		
Amortization	12,746	12,474
Net gain on disposal of land, buildings and equipment	(21,015)	(21,436)
Net change in non-cash working capital balances related to operations	(10,793)	(9,347)
Net change in long-term liabilities	(438)	(79)
	(11,313)	(11,807)
Investing activities		
Acquisition and improvements to land, buildings and equipment	(23,120)	(22,622)
Financing activities		
Parliamentary appropriations to acquire and improve land, buildings and equipment	10,789	9,555
Proceeds on disposal of land, buildings and equipment	27,474	22,632
	38,263	32,187
Increase (decrease) in cash and short-term deposits	3,830	(2,242)
Beginning of year	11,085	13,327
End of year	14,915	11,085

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	1991
Balance at beginning of year	317,373	301,237
Parliamentary appropriations over net cost of operations	8,187	6,581
Parliamentary appropriations to acquire and improve land, buildings and equipment	10,789	9,555
Balance at end of year	336,349	317,373

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and objectives

The National Capital Commission was established in 1958 by the National Capital Act. The Commission is an agent Crown corporation without share capital named in Part I of Schedule III to the Financial Administration Act. The objects and purposes of the Commission are stated in the National Capital Act as amended in 1988. They are to:

(a) prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and

(b) organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of official languages of Canada and the heritage of the people of Canada.

The powers of the Commission as they were extended in 1988 also enable the Commission to "coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region."

The Commission is also responsible for the management and maintenance of the Official Residences located in the National Capital Region.

2. Significant accounting policies

(a) Land, buildings and equipment

Land, buildings and equipment are generally recorded at historical cost. Property acquired at nominal cost or by donation is recorded at market value at time of acquisition except for properties of historical significance whose market value cannot be reasonably determined. These are recorded at nominal value. Artifacts donated to the Canadiana Fund are recorded at nominal value. Property acquired by exchange is recorded at the carrying value of the assets disposed of in the transaction. Improvements that extend the useful life of buildings and equipment are recorded at cost.

(b) Amortization

Amortization of assets in use is charged to operations in equal annual amounts based on the cost of the assets, their estimated useful life and their final salvage value. Useful life of assets is estimated as follows:

Buildings	20 years
Parkways, roadways and bridges	25 years
Park landscaping and improvement	25 years
Machinery and equipment	10 years
Office furniture and equipment	5 years
Vehicles	5 years
Antiques and works of art	10 years
Computer and communications equipment	5 years

(c) Operating supplies, small tools and nursery stock

Operating supplies and small tools are carried at cost. Nursery stock is valued at estimated replacement cost less an allowance for overhead, balling and packaging expenses.

(d) Pension plan

Commission employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis.

The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(e) Employee termination benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Parliamentary appropriations

Parliamentary appropriations for operating expenditures, grants and contributions to other levels of government and other authorities are used to offset the net cost of operations. Parliamentary appropriations to acquire and improve land, buildings and equipment are credited to equity of Canada.

(g) Workers' compensation

The Commission assumes all risks for workers' compensation claims. The costs of claims resulting from injuries on duty are recorded in the years when compensation payments are due.

3. Cash and short-term deposits

Cash and short-term deposits at year-end amounted to $14.9 million. Included in this cash balance are:

(a) Cash donations received for the Canadiana Fund in the amount of $71.6 thousand;

(b)(i) Funds relating to a 1990 long-term lease transaction that, pursuant to Governor in Council authority, have been restricted for the acquisition of environmentally sensitive lands;

(b)(ii) Funds generated by the disposal of surplus properties that may be used to acquire real property or to support other major programs, as may be authorized by Treasury Board and Governor in Council.

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(b)(iii)Details of transactions are highlighted in the following analysis.

	Environmentally sensitive lands	Others	Total
	(in thousands of dollars)		
Cash available at beginning of year	2,279	3,483	5,762
Proceeds on disposal		26,378	26,378
Disposal expenses		(1,068)	(1,068)
Interest	141	221	362
Acquisitions		(9,092)	(9,092)
Transfer to capital budget		(3,000)	(3,000)
Transfer to working capital		(10,500)	(10,500)
Cash available at end of year	2,420	6,422	8,842

4. Land, buildings and equipment

	1992			1991
	Historical cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land and buildings				
Greenbelt	66,246	18,485	47,761	48,076
Gatineau Park	33,315	6,505	26,810	22,143
Parkways	95,661	39,449	56,212	62,201
Parks	29,523	13,653	15,870	16,509
Bridges and approaches	28,548	16,282	12,266	12,827
Historical sites	30,412	13,469	16,943	16,871
Recreational facilities	21,842	10,047	11,795	9,802
Rental properties	120,781	10,881	109,900	102,770
Development properties	26,516	4,490	22,026	22,108
Unsettled expropriations	1,055		1,055	1,455
Administrative and service buildings	15,291	8,711	6,580	6,704
	469,190	141,972	327,218	321,466
Less: provision for transfers[1]	1,838		1,838	1,838
Less: provision for environmental clean-up[2]	800		800	
	466,552	141,972	324,580	319,628
Equipment				
Machinery and equipment	5,298	2,428	2,870	2,115
Office furniture and equipment	3,005	2,375	630	666
Vehicles	4,932	2,683	2,249	3,326
Computer and communications equipment	10,002	5,976	4,026	4,581
Antiques and works of art	1,506	1,056	450	574
	24,743	14,518	10,225	11,262
	491,295	156,490	334,805	330,890

[1] Provision for transfers pertains to property to be transferred in accordance with agreements with the Province of Quebec. This includes lands to be given free of charge for the approaches to the MacDonald-Cartier Bridge and the transfer for $1 of lands to be used as a right-of-way for Highway 550.

[2] Provision for environmental clean-up at Camp Fortune, a current-year property acquisition.

5. Cost of operations

(a) Summary of expenses by major classification

	1992	1991
	(in thousands of dollars)	
Salaries and employee benefits	50,092	50,159
Goods and services	31,441	32,220
Grants in lieu of municipal taxes	13,028	12,220
Contributions	4,679	6,979
Amortization	12,746	12,474
	111,986	114,052

(b) Sector definitions and objectives

The Commission uses six sectors to structure its activities. Short-, medium- and long-term objectives linked to the mandate and mission have been developed for each. The following are the long-term objectives established for each sector:

Transcendent

To guide, facilitate and provide input and direction to the formulation and implementation of National Capital Commission programs to ensure that the Commission's objectives are met.

Safeguard and preserve

To safeguard and preserve the Capital and its assets for future generations.

Communicate Canada

To provide programs that present the past, present and future of Canada and that increase understanding of the country through the Capital.

Meeting place

To implement programs that provide opportunities to bring Canadians together in the Capital to increase their knowledge and understanding of the country.

Operations/asset management

To manage the real property assets of the Commission efficiently and effectively in accordance with their importance to the Capital.

Operations/administration

To manage the resources of the Commission efficiently and effectively and to provide services that allow the Commission to meet its objectives.

6. Major commitments

(a) The Commission is committed to contribute to the Province of Quebec, one-half of the cost of a road network within the Quebec portion of the National Capital Region. The Commission's remaining commitment to be paid over future years is estimated at $100.0 million but is payable only when funding is approved by the Treasury Board of Canada. The Treasury Board has authorized expenditures of $160.2 million for the Quebec Road Network. As of March 31, 1992, expenditures total $158.8 million and payments have totalled $154.2 million.

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

(b) The Commission has entered into agreements for computing services, leases of equipment and a lease for office space that will expire in 1995. The accommodations options are at present under review. Minimum annual payments under these agreements are approximately as follows:

	(in thousands of dollars)
1992-93	3,844
1993-94	3,995
1994-95	3,368
	11,207

(c) The Province of Quebec has expropriated certain lands in the Ville de Hull on behalf of the Commission. An amount of $1.25 million will be payable in exchange for appropriate title documents.

(d) The Commission has entered into contracts for capital expenditures estimated to cost approximately $2.7 million. Payments under these contracts are expected to be made in 1992-93.

7. Contingencies

(a) Claims

Claims have been made against the Commission totalling approximately $60.9 million for alleged damages and other matters. The final outcome of these claims is not determinable and accordingly these items are not recorded in the accounts. In the opinion of management, however, the position of the Commission is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

(b) Agreement with the Province of Ontario

In 1961, the Commission entered into an agreement whereby the Province of Ontario established and maintains 2,761 hectares (6,820 acres) of forest. When the agreement expires in 2011, or is terminated, the Commission will reimburse the Province for the excess of expenses over revenues, or the Province will pay the Commission the excess of revenues over expenses. At March 31, 1991, cumulative expenses exceeded cumulative revenues by $1.2 million, and are not reflected in the accounts of the Commission.

(c) Environmental protection

The Commission has conducted a preliminary analysis that has identified certain properties that qualify for potential decontamination. The extent of the contamination, cost of clean-up and funding requirements cannot be reasonably assessed at this time.

8. Related party transactions

(a) The Commission is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada. In addition to the related party transactions described below and those disclosed elsewhere in these financial statements, the Commission also enters into transactions with Crown entities in the normal course of business.

(i) Canada Museums Construction Corporation Inc.

The Commission permitted the Canada Museums Construction Corporation Inc. to construct the Canadian Museum of Civilization on Commission lands. The Commission is in the process of transferring the lands in question to Public Works Canada in exchange for other properties of equal value.

(ii) Canadian Museum of Contemporary Photography

The Commission and the National Gallery of Canada are sharing costs for the construction of the Canadian Museum of Contemporary Photography on Commission lands. Total shared construction costs are estimated at $16.7 million, of which $4.1 million is to be paid by the Gallery. At March 31, 1992, expenditures on work completed for the Gallery totalled $4.1 million. The Commission has received Governor in Council authority to lease the completed building to the National Gallery of Canada for a term of 49 years.

(iii) Commemorative monument

The Commission, on behalf of the Department of National Defence has undertaken the construction of a peacekeeping monument that is planned for completion in 1992. The total cost of the project will be $2.8 million, of which the Commission will contribute a maximum of $0.5 million. At March 31, 1992, expenditures for work completed on the monument totalled $1.2 million. The Commission has received $1.926 million from the Department of National Defence which amount includes funds to be applied to future construction.

(iv) Public Works Canada

Public Works Canada acts as an agent for the Commission with respect to sales of properties that are surplus to the Commission's needs. Fees charged are based on standard rates set by Public Works Canada. The Commission has also entered into an agreement with Public Works Canada whereby the latter will, with respect to the Official Residences, provide certain property services at rates established with the Commission and approved by the Treasury Board.

NATIONAL CAPITAL COMMISSION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

(b) In August 1991, the Commission, the Department of Public Works and the City of Ottawa entered into a land/services barter transaction. The City of Ottawa acquired land with an estimated value of $11.5 million directly from the Department of Public Works and acquired from the Commission several properties with an estimated net value of $3.7 million and certain roads, parks and other properties with nominal value. The total value of this transaction was $15.2 million.

In lieu of payment of $15.2 million, the City of Ottawa has agreed to provide in perpetuity, for certain agreed properties rehabilitation, repairs, maintenance and landscaping services previously performed by the Commission (estimated value of $14.3 million) and to make improvements to certain Commission properties (agreed value of $0.9 million).

The Commission has recorded the net cost of the above transaction at $0.4 million; this represents the net book value of Commission properties transferred to the City of Ottawa less the improvements to be made to Commission properties. The gain on disposal of land, buildings and equipment has been reduced accordingly. No benefit has been recorded for future services as described in the previous paragraph.

NATIONAL GALLERY OF CANADA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Gallery of Canada and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's estimates and judgment.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. In addition, the Audit and Evaluation Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

Dr. Shirley L. Thomson
Director of the National Gallery of Canada

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Gallery of Canada as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Adminstration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding period.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act, and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 8, 1992

NATIONAL GALLERY OF CANADA—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Deposit with Receiver General for Canada	5,724	8,937
Accounts receivable	563	649
Inventories	1,337	1,282
Prepaid expenses	120	94
	7,744	10,962
Collections	1	1
Capital assets (Note 3)	9,994	9,578
Trust account (Note 4)	2,944	2,907
	20,683	23,448

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities (Note 5)	6,352	7,018
Special purpose account (Note 6)	417	
Deferred parliamentary appropriation (Note 6)		2,848
	6,769	9,866
Accrued employee termination benefits	1,084	909
Trust account (Note 4)	2,944	2,907
	10,797	13,682
EQUITY		
Equity of Canada (Note 7)	9,886	9,766
	20,683	23,448

Approved on behalf of the Board of Trustees:

JEAN C. MONTY
Chairperson

KATHLEEN HERMANT
Vice-Chairperson

NATIONAL GALLERY OF CANADA—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	9 months 1991
Expenses		
Salaries and employee benefits	13,698	10,120
Purchase of works of art for the collections (Note 9)	5,431	1,242
Protective services	3,825	3,261
Professional and special services	2,454	1,711
Amortization	2,166	1,622
Cost of goods sold—Bookstore and publishing	1,005	1,222
Repairs and upkeep of equipment	921	921
Office supplies and equipment	919	586
Advertising	867	537
Travel	731	412
Publications	631	447
Postage, freight, express, and cartage	384	273
Materials and supplies	357	251
Communications	295	259
Rentals	276	88
Miscellaneous	119	269
Total expenses	34,079	23,221
Revenue		
Bookstore and publishing	1,584	1,501
Admissions	538	581
Parking	360	283
Other	291	185
Total revenue	2,773	2,550
Net cost of operations	31,306	20,671

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	9 months 1991
Operating activities		
Net cost of operations	(31,306)	(20,671)
Items not affecting funds		
Amortization	2,166	1,622
Employee termination benefits	175	(46)
Gain on disposal of capital assets	(2)	(7)
	(28,967)	(19,102)
(Decrease) increase in non-cash working capital components	(3,092)	4,342
Funds applied to operating activities	(32,059)	(14,760)
Investing activities		
Purchase of capital assets	(2,584)	(4,253)
Disposal of capital assets	4	10
Funds applied to investing activities	(2,580)	(4,243)
Financing activities		
Parliamentary appropriations		
—Operating and capital expenditure	25,995	21,938
—Works of art for the collections	5,431	1,242
Funds provided by financing activities	31,426	23,180
(Decrease) increase in the deposit with the Receiver General for Canada	(3,213)	4,177
Deposit at beginning of year	8,937	4,760
Deposit at end of year	5,724	8,937

STATEMENT OF EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31, 1992 (in thousands of dollars)

	1992	9 months 1991
Balance at beginning of year as restated (Note 12)	9,766	7,257
Parliamentary appropriations		
—Operating and capital expenditure	25,995	21,938
—Works of art for the collections (Note 6)	5,431	1,242
Net cost of operations	(31,306)	(20,671)
Balance at end of year	9,886	9,766

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority, objective and operations

The National Gallery of Canada (the Gallery) was established as at July 1, 1990 by the Museums Act as a Crown corporation under Part I of Schedule III to the Financial Administration Act.

The Gallery's mandate as stated in the Museums Act is to develop, maintain and make known throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians. The Gallery's operations comprise the National Gallery of Canada and its affiliate the Canadian Museum of Contemporary Photography.

The Gallery operates through the Consolidated Revenue Fund and does not receive or pay interest on outstanding balances.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The most significant accounting policies follow:

(a) Inventories

Inventories are valued at the lower of cost or market value. The market value of books and pamphlets is determined by the lower of the retail price or the net value. The net value is represented by the cost, which is written down on a straight-line basis over a five-year period to take into account obsolescence. All other stock items have a market value representing their retail price.

(b) Capital assets

Capital assets are recorded at cost and amortized using the straight-line method over their estimated useful lives as follows:

Equipment and furniture	5 to 12 years
Leasehold improvements	25 years
Vehicles	5 years

Expenses related to the design and development of exhibits are charged to operations in the year in which they occur.

The cost of buildings occupied by the Gallery is not shown in the financial statements as they are owned and maintained by the Government of Canada.

(c) Collections

The Gallery holds collections of works of art for the benefit of Canadians, present and future. The collections are shown as an asset at a nominal value of $1,000 on the balance sheet to ensure that the reader is aware of their existence.

Works of art purchased for the collections of the Gallery are, in the year of acquisition, recorded as an expense or accounted for in the trust account depending on the source of funds. Works of art donated to the Gallery are not recorded in the books of accounts.

(d) Pension plan

The employees of the Gallery participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Gallery contribute equally to the cost of the Plan. This contribution represents the total liability of the Gallery. Contributions in respect of current service are expended during the year in which services are rendered. With respect to admissible past service, contributions are expended when paid; the terms of payment are set by the applicable purchase conditions.

The Gallery is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(e) Employee termination benefits

On termination of employment, employees of the Gallery are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Parliamentary appropriations

The parliamentary appropriations for operating and capital expenditure and purchase of works of art are recorded in the year to which they apply, and are credited to the Equity of Canada.

(g) Bookstore and publishing

Expenses of bookstore and publishing, including costs relating to personnel, travel, transportation and advertising are included in operating expenses.

3. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Equipment and furniture	13,641	8,500	5,141	6,450
Leasehold improvements				
—In progress	3,835		3,835	3,055
—Completed	1,045	79	966	
Vehicles	169	117	52	73
	18,690	8,696	9,994	9,578

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

4. Trust account

The Gallery deposits monies received for purposes consistent with its mandate in the Consolidated Revenue Fund. Section 29 of the Museums Act requires the Minister of Finance to pay interest on these monies. The following summarizes the transactions of the year:

	1992	1991
	(in thousands of dollars)	
Balance of beginning of year	2,907	
Balance transferred from National Museums of Canada		2,574
Revenue for the year		
Interest	232	233
Gifts and bequests	184	188
Grants from Department of Communications under Section 29 of the Cultural Property Export and Import Act		144
Total revenue	416	565
Expenditure for the year		
Library purchases	294	
Other	85	43
Purchase of works of art for the collections		189
Total expenditure	379	232
Excess of revenue over expenditure	37	333
Balance at end of year	2,944	2,907

5. Accounts payable and accrued liabilities

	1992	1991
	(in thousands of dollars)	
Trade	3,962	3,566
Due to government departments and Crown corporations	1,454	2,462
Accrued salaries and vacation pay	761	743
Others	175	247
	6,352	7,018

6. Special purpose account—Purchase of works of art for the collections

In 1991-92, Parliament approved through Vote 85 a $3,000,000 payment to the Gallery for the purchase of works of art for the collections. The Gallery established a non-lapsing special purpose account within the Consolidated Revenue Fund to deposit this payment. During the year, the deferred parliamentary appropriation from 1990-91 was transferred to this account. The unspent amount at the end of a year is available for purchases in subsequent years. This provides the means to acquire, when opportunities arise, historically important, unique and high quality works that strengthen the collections.

	1992	1991
	(in thousands of dollars)	
Deferred parliamentary appropriation from preceeding year	2,848	1,090
Transferred from Communications Canada on July 1, 1990 (Vote 67c)		3,000
Parliamentary appropriation (Vote 85)	3,000	
Total available	5,848	4,090
Purchase of objects for the collections of the Gallery (Note 9)	5,431	1,242
Deferred parliamentary appropriation at end of year		2,848
Special purpose account at end of year	417	

7. Equity of Canada

The Equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the accumulated net results of the operations of the Gallery to date.

8. Related party transactions

(a) Services provided without charge

Services provided without charge by government departments and agencies and not recorded in the financial statements have been evaluated and include accommodation, cheque issue and other accounting services.

	1992	1991
	(in thousands of dollars)	
Public Works Canada—		
Accommodation	7,096	7,962
Others	4	42
	7,100	8,004

In addition to those related party transactions disclosed elsewhere in these financial statements, the Gallery is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Gallery enters into transactions with these entities in the normal course of business.

(b) Canadian Museum of Contemporary Photography (CMCP)

The National Capital Commission is providing, on a cost recovery basis, project management services to the CMCP, which include the construction work, the fit-up, and other expenditures (including consultant fees) related to the new CMCP facility. The total construction costs are estimated at $16.7 million. The Gallery's share is $3,559,000, of which $49,000 remains to be spent. Those costs are capitalized and will be amortized over a period of 25 years, representing the estimated life of the facility. This facility will be leased for 49 years from the National Capital Commission at an estimated annual cost of $230,000. The CMCP was opened May 6, 1992.

NATIONAL GALLERY OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

9. Collections

Acquisitions of works of art for the collections were made through the following:

	1992	9 months 1991
	(in thousands of dollars)	
Purchase from special purpose account (Note 6)	5,431	
Gift or bequest, at fair market value	788	4,312
Purchase from appropriation (Note 6)		1,242
Purchase from trust account		189
	6,219	5,743

10. Commitments

As at March 31, 1992, there remains $850,000 to be paid pursuant to an agreement with a federal department. The future minimum payments required are as follows:

	(in thousands of dollars)
1992-93	200
1993-94	200
1994-95	200
1995-96	250

11. Custody of Gallery buildings and related property

The Gallery and Public Works Canada are negotiating the transfer of adminstration and control of the Gallery building and surrounding property located on Sussex Drive, Ottawa, Ontario and a leased warehouse facility. The transfer of responsibilities and resources may take place in 1992-93.

12. Prior period adjustment

A total amount of $730,000 expensed by the former National Museums of Canada for the construction costs of the Canadian Museum of Contemporary Photography has been retroactively capitalized. Accordingly, leasehold improvements in progress and the Equity of Canada, as of July 1, 1990, were increased by this amount. The 1991 comparative figures have been restated to reflect the above changes.

13. Comparative figures

Certain reclassifications have been made to the 1991 comparative figures to conform with the current year's presentation.

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the Financial Administration Act and regulations as well as the Museums Act and by-laws of the corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister responsible for the corporation.

Geneviève Sainte-Marie
Director

Laurent Nadon
Director General, Corporate Services

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Museum of Science and Technology as at March 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding period.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Museums Act and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 19, 1992

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Deposit with Receiver General for Canada	2,547	4,369
Accounts receivable		
—Government departments	122	164
—Other	11	30
Inventories (Note 3)	197	260
Prepaid expenses	105	446
	2,982	5,269
Trust account (Note 4)	621	351
Collection	1	1
Property and equipment (Note 5)	6,515	5,494
	10,119	11,115

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities		
—Government departments	951	2,195
—Other	2,004	2,390
Current portion of accrued employee termination benefits	175	201
Deferred parliamentary appropriation		197
	3,130	4,983
Accrued employee termination benefits	863	788
Trust account (Note 4)	621	351
EQUITY OF CANADA		
Equity of Canada	5,505	4,993
	10,119	11,115

Approved by Management:

G. STE-MARIE
Director

LAURENT NADON
Director General, Corporate Services

Approved by the Board of Trustees:

DAVID M. CULVER
Chairman

LEON F. LOUCKS
Chairman, Audit Committee

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	Nine months ended March 31, 1991
Revenue		
Admission fees	593	294
Publishing and museum gift stores	250	296
Other sales and services	163	17
	1,006	607
Expenses		
Personnel costs	10,262	7,027
Professional and special services	2,354	1,139
Amortization	1,054	741
Protection services	718	493
Materials and supplies	565	337
Publications	469	397
Design and display	402	157
Repair and upkeep of equipment	348	504
Advertising	329	107
Travel	241	200
Office supplies and equipment	188	114
Communications	178	124
Rentals	142	99
Freight, express and cartage	121	218
Purchase of objects for the collection	29	173
Miscellaneous		85
Publishing and museum gift stores	228	220
	17,628	12,135
Excess of expenses over revenue	16,622	11,528

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	Nine months ended March 31, 1991
Operating activities		
Excess of expenses over revenue	(16,622)	(11,528)
Items not affecting funds		
Amortization	1,054	741
Employee termination benefits	75	83
Loss on disposal of capital assets		10
Change in non-cash operating working capital items	(1,388)	2,159
Funds applied to operating activities	(16,881)	(8,535)
Financing activities		
Parliamentary appropriation	17,134	14,844
Investing activities		
Additions to property and equipment	(2,075)	(3,552)
Increase (decrease) in deposit with the Receiver General	(1,822)	2,757
Deposit at the beginning of the period	4,369	1,612
Deposit at the end of the period	2,547	4,369

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992	Nine months ended March 31, 1991
Balance at the beginning of the period	4,993	1,677
Parliamentary appropriation (Note 6)	17,134	14,844
Excess of expenses over revenue	(16,622)	(11,528)
Balance at the end of the period	5,505	4,993

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority, mandate and operations

The National Museum of Science and Technology was established by the Museums Act on July 1st, 1990, and is an agent Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The mandate of the corporation as stated in the Act is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The corporation's operations comprise the National Museum of Science and Technology, the National Aviation Museum and common support activities.

2. Accounting policies

(a) Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined using the first in, first out method.

(b) Collection

The collection constitutes the major portion of the corporation's assets but is shown at a nominal value of $1,000 on the balance sheet because of the practical difficulties in reflecting it at a meaningful value. Objects purchased for the collection are recorded as expenses in the year of acquisition. Objects donated to the corporation are not recorded in the books of accounts.

(c) Property and equipment

Property and equipment are recorded at cost. Capital assets are amortized using the straight-line method over their estimated useful lives as follows:

Building renovations	10 to 25 years
Equipment	5 to 12 years
Office furniture	5 to 10 years

(d) Pension plan

The employees of the corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the corporation. Contributions in respect of current service are expensed during the year in which the service is rendered. Contributions in respect of admissible past service are expensed when paid; the terms of payment are set by the applicable purchase conditions. The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(e) Publishing and gift store operations

Operating expenses of publishing and gift stores, including costs relating to personnel, travel, transportation, advertising, building maintenance, rent and utilities, are included in operating expenses.

(f) Employee termination benefits

On termination of employment, employees of the corporation are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Parliamentary appropriations

Operating expenditures and the acquisition of capital assets are financed by a parliamentary appropriation which is credited to the equity of Canada in the year to which it applies.

3. Inventories

	1992	1991
	(in thousands of dollars)	
Books, pamphlets, replicas and other materials	191	185
Publications in process	6	75
	197	260

4. Trust account

This account was established by sub-section 15(1)(m) of the Museums Act, and is credited with moneys received by the corporation by way of gift, bequest or otherwise, interest on securities, rent or sales of real property acquired by the corporation by way of gift, bequest or otherwise. Also an amount representing interest on the balance is credited to the account. The account is charged with amounts expended for the purpose for which such moneys or property were given, bequeathed or otherwise made available to the corporation.

	1992	Nine months ended March 31, 1991
	(in thousands of dollars)	
Receipts		
Gifts and bequests	260	8
Interest	30	36
	290	44
Disbursements	20	116
Excess of receipts over disbursements (disbursements over receipts)	270	(72)
Balance at the beginning of the period	351	423
Balance at the end of the period, represented by deposit with the Receiver General for Canada	621	351

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

5. Property and equipment

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Building renovations	4,405	292	4,113	2,658
Equipment	2,661	1,578	1,083	1,351
Office furniture	3,219	1,900	1,319	1,485
	10,285	3,770	6,515	5,494

6. Parliamentary appropriation

	1992	Nine months ended March 31 1991
	(in thousands of dollars)	
Department of Communications Vote 95 (Vote 72 in 1991)	17,620	15,079
Amount lapsed	(486)	(38)
Amount deferred		(197)
Amount used	17,134	14,844

7. Related party transactions

The corporation is related to all government of Canada departments, agencies and Crown corporations. The rental of building space by the corporation is a service supplied without charge by the Government of Canada. The value of this service is estimated at $7,048,388 and is not included in expenses.

The corporation also incurred expenses for the work and services provided by other government departments and agencies. These transactions were conducted in the normal course of operations, under the same terms and conditions that applied to outside parties.

8. Commitments

As at March 31, 1992, the corporation had entered into various agreements mainly for the provision of protection services and advertising. The future minimum payments required under these agreements are as follows:

	$
1992-93	1,274,990

OLD PORT OF MONTREAL CORPORATION INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the Old Port of Montreal Corporation Inc. as at March 31, 1992 and the statements of transactions and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the articles and by-laws of the Corporation, as well as the agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 29, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	11,373,488	5,469,189
Accounts receivable	1,718,239	471,190
Due from Minister of Public Works (Note 3)	2,718,450	197,295
Prepaid expenses	647,636	11,454
	16,457,813	6,149,128

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable	16,125,131	5,827,555
Due to Receiver General for Canada (Note 4)	39,368	36,993
	16,164,499	5,864,548
Provision for employee termination benefits	293,314	284,580
	16,457,813	6,149,128
Contingencies (Note 7)		
SHAREHOLDER'S EQUITY		
Capital stock (Note 5)		
	16,457,813	6,149,128

Approved by the Board:

CLAUDE DENAULT
Director

BENOIT LEMAY
Director

OLD PORT OF MONTREAL CORPORATION INC.—*Continued*

STATEMENT OF TRANSACTIONS CARRIED OUT AS AGENT AND ON BEHALF OF THE MINISTER OF PUBLIC WORKS FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenditures		
Operating		
Maintenance of property and space rentals	2,262,471	2,403,152
Permanent personnel	2,260,825	2,111,186
Communications	571,551	200,456
Administration	516,033	603,698
Professional services	238,426	272,616
	5,849,306	5,591,108
Animation programs	1,608,241	1,674,789
	7,457,547	7,265,897
Capital	39,161,401	11,694,114
Total expenditures	46,618,948	18,960,011
Proceeds from other than the direct use of capital assets		
Income produced by animation programs		
Programs carried out by the Corporation	4,663,554	4,791,224
Less: royalties to third parties	3,144,094	3,201,144
	1,519,460	1,590,080
Parking	1,311,916	1,467,855
Concessions	318,137	323,454
Other	46,303	85,964
	3,195,816	3,467,353
Interest, related principally to the receipt of parliamentary appropriations in advance of disbursements	397,596	373,858
	3,593,412	3,841,211
Net expenditures to be funded (Note 3)	43,025,536	15,118,800
Cumulative net expenditures since November 26, 1981	134,377,306	91,351,770
Proceeds from the direct use of capital assets		
Parking	396,509	493,848
Rentals	84,224	125,778
Mooring and anchoring	42,948	44,817
Proceeds from disposal of capital assets		500
Direct proceeds to be remitted (Note 4)	523,681	664,943
Cumulative direct proceeds since November 26, 1981	3,090,348	2,566,667
Excess of net expenditures over direct proceeds		
For the year	42,501,855	14,453,857
Cumulative since November 26, 1981	131,286,958	88,785,103

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Transactions carried out as agent and on behalf of the Minister of Public Works		
Operating and animation program expenditures	(7,457,547)	(7,265,897)
Proceeds from other than the direct use of capital assets	3,593,412	3,841,211
Proceeds from the direct use of capital assets	523,681	664,943
Remittances to the Consolidated Revenue Fund	(521,306)	(807,342)
	(3,861,760)	(3,567,085)
Increase in accounts receivable	(1,247,049)	(268,174)
Decrease (increase) in prepaid expenses	(636,182)	24,328
Increase in accounts payable	10,297,576	4,757,822
Increase in the provision for employee termination benefits	8,734	67,208
	4,561,319	1,014,099
Investing activities		
Capital expenditures carried out as agent and on behalf of the Minister of Public Works	(39,161,401)	(11,694,114)
Financing activities		
Parliamentary appropriations	40,504,381	13,600,000
Cash		
Increase for the year	5,904,299	2,919,985
Balance at beginning of the year	5,469,189	2,549,204
Balance at end of the year	11,373,488	5,469,189

OLD PORT OF MONTREAL CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1992

1. Authority and activities

The Old Port of Montreal Corporation Inc. was incorporated on November 26, 1981 under the Canada Business Corporations Act and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

Effective February 1, 1982, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for developing and for promoting the development of the lands of the Old Port of Montreal, and for administering, managing, and maintaining the property of Her Majesty located therein. The Corporation fulfils this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

2. Significant accounting policies

(a) Financial statement presentation

The financial statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works. All expenditures, net of proceeds from other than the direct use of capital assets, are reimbursable to the Corporation. Proceeds from the direct use of capital assets are payable to the Receiver General for Canada.

Differences between parliamentary appropriations received and net reimbursable expenditures are recorded by the Corporation as due from or due to the Minister of Public Works.

(b) Expenditures of a capital nature

Expenditures of a capital nature represent costs which significantly increase the value or extend the useful lives of properties administered by the Corporation. They also include costs of demolishing structures.

(c) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to certain benefits provided for under the salary administration policy of the Corporation. The cost of these benefits is recorded in the year in which they are earned by the employees.

(d) Retirement savings plan

The Corporation has established a group retirement savings plan under which a single trust was established with a private sector organization in order to accumulate contributions to provide a retirement income for the employees through individually registered retirement savings plans. All contributions are paid by the employees, the Corporation acting solely as an agent without incurring any liability.

3. Due from Minister of Public Works

	1992	1991
	$	$
Balance at beginning of the year	197,295	(1,321,505)
Net expenditures	43,025,536	15,118,800
	43,222,831	13,797,295
Less:		
Funds drawn from Votes of Department of Public Works for the Old Port of Montreal Corporation Inc.		
Vote 15 in 1991-92	(39,741,381)	
Vote 20 in 1990-91	(763,000)	(13,600,000)
Balance at end of the year	2,718,450	197,295

4. Due to Receiver General for Canada

	1992	1991
	$	$
Balance at beginning of the year	36,993	179,392
Direct proceeds	523,681	664,943
	560,674	844,335
Remittances to the Consolidated Revenue Fund	(521,306)	(807,342)
Balance at end of the year	39,368	36,993

5. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

6. Commitments

As at March 31, 1992, the commitments, mainly for the development of the lands, totalled $6,591,318 ($10,442,902 as at March 31, 1991).

7. Contingencies

As operator of the Expotec/Imax program, the Corporation has committed itself to take charge of the contingent liability which may result from a litigation between a municipal corporation and a services supplier. As at March 31, 1992, the Corporation estimates this contingent liability to be approximately $1.5 million. The Corporation considers that this lawsuit is ill-founded and consequently no provision has been recorded as at March 31, 1992. Any payment resulting from this commitment would be charged to the year during which the Corporation would actually be compelled to pay.

The Corporation has claimed credits from Revenue Canada totalling $3.5 million as at March 31, 1992 in respect of taxes paid to its suppliers on goods and services received since January 1st 1991. Reimbursements amounting to $2.0 million were received during the year and the balance of $1.5 million ($0.2 million as at March 31, 1991) is included in accounts receivable. The Corporation has undertaken steps with Revenue Canada to clarify its status regarding the Goods and Services Tax. Any adjustment that may result therefrom will be accounted for in the year in which the decision is rendered.

OLD PORT OF MONTREAL CORPORATION INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1992—*Concluded*

Various claims and lawsuits have been brought against the Corporation. It is the opinion of management that the conclusion of these actions will not result in any material liabilities to the Corporation.

8. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

9. Comparative figures

Certain figures of the year ended March 31, 1991 have been reclassified to conform with the presentation adopted for 1992.

PACIFIC PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Pacific Pilotage Authority as at December 31, 1991 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Pilotage Act and regulations and the by-laws of the Authority.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 5, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash and short-term investments	2,541	839
Accounts receivable	3,589	2,356
Prepaid expenses	98	70
	6,228	3,265
Property and equipment (Note 3)	665	680
	6,893	3,945

LIABILITIES	1991	1990
Current		
Accounts payable and accrued liabilities	3,303	1,615
Long-term		
Accrued employee termination benefits	427	465
Obligations under capital leases (Note 4)	34	24
	461	489
	3,764	2,104
EQUITY OF CANADA		
Contributed capital	806	806
Retained earnings	2,323	1,035
	3,129	1,841
	6,893	3,945

Approved by the Authority:

R. SMITH
Chairman

M. FELLIS
Member

PACIFIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues		
Pilotage charges	33,634	29,224
Interest and other income	145	104
	33,779	29,328
Expenses		
Contract pilots' fees	22,637	20,718
Operating costs of pilot boats	3,306	3,055
Transportation and travel	3,214	3,007
Staff salaries and benefits	1,446	1,311
Pilots' salaries and benefits	906	841
Professional and special services	216	222
Computer software costs	195	85
Rentals	192	190
Utilities, materials and supplies	131	98
Amortization	124	112
Communications	91	93
Repairs and maintenance	26	19
Interest on capital leases	7	7
Other		3
	32,491	29,761
Net income (loss) for the year	1,288	(433)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income (loss) for the year	1,288	(433)
Items not affecting cash		
Amortization	124	112
Employee termination benefits	(38)	10
Loss on disposal of property and equipment		3
Change in non-cash operating components of working capital	427	306
Cash generated by (required for) operating activities	1,801	(2)
Investing activities		
Additions to property and equipment	(109)	(122)
Financing activities		
Increase (decrease) in long-term obligations under capital leases	10	(2)
Increase (decrease) in cash	1,702	(126)
Cash and short-term investments at beginning of the year	839	965
Cash and short-term investments at end of the year	2,541	839

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Appropriated		
Balance at beginning and end of the year	500	500
Unappropriated		
Balance at beginning of the year	535	968
Net income (loss) for the year	1,288	(433)
Balance at end of the year	1,823	535
	2,323	1,035

PACIFIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Authority and objectives

The Pacific Pilotage Authority was established in 1972 pursuant to the Pilotage Act. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act further provides that the tariffs of pilotage charges shall be fair and reasonable and consistent with providing a revenue, together with any revenue from other sources, sufficient to permit the Authority to operate on a self-sustaining financial basis.

Pilotage services on the Fraser River are provided by employee pilots and in other coastal waters under a contract with a local licensed pilots' company.

The Authority is a Crown corporation named in Part I of Schedule III to the Financial Administration Act and is not subject to any income taxes.

2. Significant accounting policies

Capital leases

Under the terms of certain lease agreements the Authority assumes the rights and obligations of ownership. These leases are treated as capital leases. An asset and an obligation are recorded at an amount equal to the market value of the asset at the beginning of the lease. The obligation is reduced each year by the principal portion of the lease payments and the interest portion is charged to expense.

Amortization

Amortization of property and equipment is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Pilot boats	25 years
Equipment—Communication and other	10 years
—Computer	5 years
Leasehold improvements	15 years

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these payments is recorded in the accounts as the benefits accrue to the employees.

Contributed capital

Amounts representing the values assigned to property and equipment transferred from Canada in 1972 and the cost of any property and equipment financed from parliamentary appropriations are shown as contributed capital.

Retained earnings

Amounts are appropriated from time to time by the Authority to provide for extraordinary costs arising from renewal or acquisition of capital assets and for contingencies.

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

3. Property and equipment

	1991			1990
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Buildings	40	40		2
Pilot boats	1,305	875	430	458
Equipment				
—Communication and other	671	561	110	114
—Computers	420	336	84	65
Leasehold improvements	66	25	41	41
	2,502	1,837	665	680

The above assets include computers under capital leases at a total value of $80,740 (1990—$43,375) less accumulated amortization of $33,484 (1990—$17,347).

4. Obligations under capital leases

	1991	1990
	(in thousands of dollars)	
Total minimum payments under 18% capital lease agreements due March 1994, payable in blended monthly payments of $2,435	63	42
Amount representing interest	9	10
Balance of obligations	54	32
Current portion	20	8
Long-term portion	34	24

The Authority has an option to purchase the computers, at any time, at a price to be determined when the option is exercised.

5. Commitments

The Authority has a long-term operating lease obligation for office accommodation aggregating $694,080 to December 31, 1999 at a base annual rent of $86,760. The obligation also calls for pro-rata share of annual operating costs estimated at $36,376 for 1992.

The Authority has an operating lease agreement for the services of a manned pilot boat until December 31, 1993. For the calendar year 1992, rent shall be $26,015 per month. In addition, the Authority will pay $112 per assignment for each assignment beyond eleven assignments in any one month. The rent for 1993 is still to be negotiated. The Authority holds an option to cancel the contract any time during the period on 30 days notice. If, however, the Authority does exercise the option, the Authority has the obligation to purchase the boat at current market value.

PETRO-CANADA INTERNATIONAL ASSISTANCE CORPORATION

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1992
WERE NOT AVAILABLE AT DATE OF PRINTING

PETRO-CANADA LIMITED

AUDITORS' REPORT

TO THE MINISTER OF STATE (FINANCE AND PRIVATIZATION)

We have audited the balance sheet of Petro-Canada Limited as at December 31, 1991 and the statements of earnings and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Petro-Canada Limited Act and by-laws of the Corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada

Arthur Andersen & Co.
Chartered Accountants

Calgary, Canada
March 31, 1992

BALANCE SHEET
AS AT DECEMBER 31, 1991
(stated in millions of dollars)

ASSETS	1991	1990
Current assets		
Cash and short-term deposits	6	
Accrued interest receivable	20	27
Short-term notes receivable		705
Accounts receivable		4
	26	736
Debentures receivable (Notes 4 and 6)	693	1,392
Investments (Note 5)	270	
	989	2,128

LIABILITIES AND SHAREHOLDER'S EQUITY	1991	1990
Current liabilities		
Accrued interest payable	19	27
Short-term notes payable		705
Accounts payable		4
	19	736
Deferred revenue (Note 5)	14	
Long-term debt (Notes 4 and 6)	952	1,392
Shareholder's equity (Note 7)	4	
	989	2,128

Approved on behalf of the Board:

Director
JOCELYNE PELCHAT

Director
ARNI C. THORSTEINSON

PETRO-CANADA LIMITED—*Continued*

STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(stated in millions of dollars)

	1991	1990
Revenue		
Interest income (Note 4)	137	235
Gain on retirement of debentures receivable (Note 5)	14	
Prepayment premium	5	
Credit and guarantee fees	4	1
	160	236
Expenses		
Interest on long-term debt	112	134
Other interest	24	113
Loss on retirement of long-term debt (Note 5)	20	
	156	247
Earnings from investment in Petro-Canada (Note 3)		159
Net earnings	4	148
Retained earnings (deficit) at beginning of year	(29)	(142)
Dividends on common shares		(35)
Retained earnings (deficit) at end of year	(25)	(29)

STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(stated in millions of dollars)

	1991	1990
Operating activities		
Net earnings	4	148
Non-cash items included in earnings		12
	4	160
Less earnings from investment in Petro-Canada (Note 3)		(159)
	4	1
Increase in deferred revenue	14	
Increase in operating working capital	(1)	
	17	1
Investing activities		
Dividends from investment in Petro-Canada	31	45
Increase in investment in and advances to Petro-Canada	(31)	(10)
Decrease in short-term notes receivable	705	5
Decrease (increase) in debentures receivable	699	(347)
Increase in investments	(270)	
Increase in other assets, net		(1)
	1,134	(308)
Financing activities and dividends		
Decrease in short-term notes payable	(705)	(5)
(Decrease) increase in long-term debt	(440)	347
Dividends on common shares		(35)
	(1,145)	307
Increase in cash and short-term deposits	6	
Cash and short-term deposits at beginning of year		
Cash and short-term deposits at end of year	6	

PETRO-CANADA LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991
(tabular amounts stated in millions of dollars)

1. Summary of significant accounting policies

(a) Basis of presentation

The financial statements include the accounts of Petro-Canada Limited ("the Corporation"), an agent of Her Majesty in right of Canada. The former subsidiary Petro-Canada International Assistance Corporation was not consolidated in 1991 for the reason described in Note 2. The former principal operating subsidiary Petro-Canada was accounted for as a discontinued operation in 1990 for the reasons described in Notes 2 and 3.

(b) Translation of foreign currency

Monetary assets and liabilities are translated into Canadian dollars at rates of exchange in effect at the balance sheet date. Related interest income and expense are translated at rates of exchange in effect at the respective transaction dates. Debentures receivable and investments hedge foreign currency fluctuations on long-term debt. Unrealized exchange gains or losses arising on translation of debentures receivable and investments are offset against those relating to the long-term debt.

(c) Investments

Investments are carried at cost less amortization of premiums on acquisition. Premiums on acquisition are amortized on a straight-line basis over the life of the investments.

(d) Deferred revenue

Deferred revenue is amortized on a straight-line basis over the life of the related investments.

2. The Petro-Canada Public Participation Act

On February 1, 1991 the Petro-Canada Public Participation Act ("the Act") received Royal Assent. The Act provides that:

— the name of the Corporation was changed from Petro-Canada to Petro-Canada Limited,

— the name of the former principal operating subsidiary of the Corporation was changed from Petro-Canada Inc. to Petro-Canada,

— the shares of Petro-Canada held by the Corporation were transferred to the Minister of State (Finance and Privatization) ("the Minister"),

— the Corporation is authorized to transfer the shares of Petro-Canada International Assistance Corporation held by the Corporation in accordance with the direction of the Governor in Council, and

— the Corporation be dissolved and the Petro-Canada Limited Act be repealed on a date to be fixed by the Governor in Council.

3. Transfer of investment in Petro-Canada

The transfer to the Minister of the shares of Petro-Canada held by the Corporation (Note 2) is regarded by management to have been approved upon the passing of the Act, in the form of Bill C-84, by the House of Commons in December 1990. Accordingly, the Corporation's investment in Petro-Canada is accounted for as a discontinued operation effective December 31, 1990.

In January 1991 the Corporation received a dividend of $31 million from Petro-Canada and purchased common shares of Petro-Canada for $31 million.

The Corporation formally transferred its investment in Petro-Canada to the Minister on February 1, 1991.

4. Related party transactions

The Corporation loaned the proceeds from the issue of long-term debt to Petro-Canada, evidenced by debentures receivable, on terms substantially the same as the Corporation's borrowing terms and, in 1991, earned $132 million of interest income from Petro-Canada. The Corporation has negotiated arrangements with Petro-Canada and the Government of Canada to provide for the servicing and repayment of the Corporation's outstanding debt and other obligations and the related obligations of Petro-Canada to the Corporation (Note 5).

The Corporation has guaranteed U.S. $125 million (Canadian $144 million) of floating rate debt issued by Petro-Canada maturing January 31, 1995 and $225 million of fixed rate debt issued in connection with the financing for the Petro-Canada Centre maturing on or before November 15, 1994.

The Corporation has negotiated an operating services agreement with Petro-Canada whereby Petro-Canada will provide various administrative, operating and management services on behalf of the Corporation for a fee, in 1992, of $125,000.

The Corporation holds investments with a face value of U.S. $178 million (Canadian $206 million) in an agency Crown corporation of the Government of Canada.

Petro-Canada provided technical and administrative services to Petro-Canada International Assistance Corporation at cost.

5. Debt restructuring

In May 1991, the Corporation entered into a debt restructing agreement ("the Agreement") with Petro-Canada and the Government of Canada whereby Petro-Canada will prepay to the Corporation the outstanding debentures receivable due to the Corporation. This prepayment, based on the market value of the debentures on the date of prepayment, must be made within a 42 month period commencing July 3, 1991 which is extendable under certain circumstances.

PETRO-CANADA LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

The Agreement provides for the payment to the Corporation of credit and guarantee fees ("the fees") with respect to the debentures receivable until they are prepaid and with respect to the guaranteed debt (Note 4) until its maturity. The amount of the fees depends on the credit rating for long-term debt of Petro-Canada from time to time and is computed on a daily basis based on the outstanding principal amount of the debentures. Based on Petro-Canada's credit rating at December 31, 1991 the credit fee will range from 1/2 of 1% to 1.5% per annum of the related outstanding debentures over the 42 month period and the guarantee fee is 1/2 of 1% per annum of the outstanding debt.

Under the Agreement Petro-Canada will pay to the Corporation a prepayment premium of U.S. $13 million in consideration of the costs associated with the prepayment of the debentures receivable. At the time of a prepayment of a portion of the debentures receivable, a percentage of the prepayment premium is paid equal to the percentage of the debentures receivable being prepaid.

In 1991, Petro-Canada prepaid U.S. $600 million of debentures receivable at market value of U.S. $620 million (Canadian $697 million) consisting of the 8.60%, 8.25% and 9.70% debentures and paid a prepayment premium of U.S. $6.5 million (Canadian $7 million) to the Corporation. Subsequently, the Corporation offered to redeem the corresponding debentures in long-term debt and redeemed U.S. $377 million at market value of U.S. $397 million (Canadian $446 million). Long-term investments were purchased to defease the remaining U.S. $223 million (Canadian $259 million) of debentures in long-term debt. These investments, consisting of notes and bonds with interest rates and maturity dates approximating those of the debentures in long-term debt that were not redeemed, are intended to be held until maturity and therefore no provision is made for any decline market value. The Corporation has deferred the portion of the gain on retirement of debentures receivable and the portion of the prepayment premium associated with the long-term debt not redeemed.

6. Long-term debt

	Maturity	1991	1990
In United States dollars			
7.25% unsecured debentures [1] (U.S. $200 million)	1996	231	232
9.50% unsecured debentures [1] (U.S. $200 million)	2003	231	232
8.60% unsecured debentures (U.S. $158 million, 1990—U.S. $300 million)	2010	183	348
8.25% unsecured debentures (U.S. $45 million, 1990— 1990—U.S. $200 million)	2016	53	232
9.70% unsecured debentures (U.S. $20 million, 1990—U.S. $100 million)	2018	23	116
8.80% unsecured debentures [1] (U.S. $200 million)	2019[2]	231	232
		952	1,392

(1) At December 31, 1991 the proceeds have been loaned to Petro-Canada as evidenced by debentures receivable (Note 4).

(2) Redeemable, at face value, in 2004 at the option of the holder thereof.

The minimum repayment of long-term debt in the next five years is $231 million in 1996.

7. Shareholder's equity

	1991	1990
Capital	2,727	2,727
Retained earnings (deficit)	(25)	(29)
	2,702	2,698
Shareholder's equity attributed to investment in Petro-Canada transferred to the Minister (Notes 2 and 3)	(2,698)	(2,698)
	4	

Authorized capital

(a) 71,188 common shares with a par value of one hundred thousand dollars each, and

(b) Preferred shares issued to the Government of Canada provided that the amount of such shares together with any loans received, and outstanding, from the Consolidated Revenue Fund of the Government of Canada is not in excess of one billion dollars. These shares have a par value of one dollar each, are redeemable at par at the option of the Corporation, carry no stated rate of divident and are non-cumulative.

Issued (to the Government of Canada)

	Number of shares	1991	1990
Common shares	17,540	1,754	1,754
Preferred shares	972,771,853	973	973
Total capital		2,727	2,727

8. Income taxes

Pursuant to an Order-in-Council and subsequent amendments to income tax legislation, effective July 3, 1991 the Corporation became an exempt corporation for purposes of the Income Tax Act and is not liable for income taxes after that date.

9. Comparative figures

Certain reclassifications have been made to the 1990 comparative figures to conform with the current year's presentation.

PORT OF QUÉBEC CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Port of Québec Corporation as at December 31, 1991 and the statements of income, contributed capital, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We further report that, in our opinion, the transactions of the Corporation that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and with the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Québec, Canada
February 7, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current assets		
Cash	327,608	806,291
Investments (Note 1)	730,555	1,909,823
Accounts receivable	5,652,836	2,505,927
Materials and supplies	153,212	153,864
	6,864,211	5,375,905
Investments (Note 1)		6,729,236
Long-term receivable (Note 2)	226,505	
Fixed assets (Note 3)	55,271,630	55,701,730
	62,362,346	67,806,871

LIABILITIES	1991	1990
	$	$
Current liabilities		
Accounts payable and accrued liabilities	2,220,232	3,530,662
Contribution payable to Canada		5,665,000
Grants in lieu of municipal taxes	221,157	185,654
Deferred revenues	834,773	850,172
	3,276,162	10,231,488
Long-term		
Accrued employee benefits	951,000	971,700
EQUITY OF CANADA		
Contributed capital	51,852,198	51,852,198
Surplus	6,282,986	4,751,485
	58,135,184	56,603,683
	62,362,346	67,806,871

Contingencies (Note 6).
Commitments (Note 7).

On behalf of the Board:

GUY BOULANGER
Chairman of the Board

ROSS GAUDREAULT
President and Chief Executive Officer

PORT OF QUÉBEC CORPORATION—*Continued*

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenue from operations	15,693,675	11,460,609
Expenses		
Operating and administrative	11,235,444	10,692,721
Depreciation	3,032,452	2,173,736
Grants in lieu of municipal taxes	1,071,037	865,496
	15,338,933	13,731,953
Income (loss) from operations	354,742	(2,271,344)
Investment income	252,534	2,169,951
Net income (loss) before unusual items	607,276	(101,393)
Gain on settlement of grants in lieu of municipal taxes		157,211
Gain on disposal of a building	229,801	
Gain on disposal of investments	694,424	
	924,225	157,211
Net income	1,531,501	55,818

STATEMENT OF CONTRIBUTED CAPITAL
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Balance at beginning of year	51,852,198	63,182,198
Contribution to Canada		(11,330,000)
Balance at end of year	51,852,198	51,852,198

STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Surplus at beginning of year	4,751,485	4,775,125
Net income	1,531,501	55,818
Dividend to Canada		(79,458)
Surplus at end of year	6,282,986	4,751,485

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Cash provided by (used for)		
Operations		
Net income	1,531,501	55,818
Items not affecting cash		
Amortization of discount on Canada Government bonds		(26,345)
Depreciation	3,032,452	2,173,736
Gain on disposal of fixed assets	(241,388)	(36,443)
Gain on disposal of investments	(694,424)	
Write-off of projects under construction	964,307	
Accrued employee benefits	(20,700)	81,700
	4,571,748	2,248,466
Changes in non-cash operating working capital (Note 4)	(10,101,583)	6,358,148
	(5,529,835)	8,606,614
Investment		
Additions to fixed assets	(3,690,004)	(16,414,650)
Long-term receivable	(226,505)	
Proceeds from disposal of fixed assets	364,733	65,629
Proceeds from disposal of investments	7,423,660	
	3,871,884	(16,349,021)
Financing		
Contribution to Canada		(11,330,000)
Dividend to Canada		(79,458)
		(11,409,458)
Decrease in cash position	(1,657,951)	(19,151,865)
Cash position at beginning of year	2,716,114	21,867,979
Cash position at end of year	1,058,163	2,716,114
Cash position is represented by		
Cash	327,608	806,291
Investments	730,555	1,909,823
	1,058,163	2,716,114

PORT OF QUÉBEC CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991

General

The Port of Québec Corporation was incorporated on June 1, 1984, under section 6.2(1) of the Canada Ports Corporation Act. The Corporation is exempt from income tax.

Summary of significant accounting policies

(a) Investments

Investments are direct securities guaranteed by Canada. They are presented at amortized cost and the premiums or discounts are amortized over the periods to maturity.

(b) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants received from Canada and from third parties for capital projects are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis commencing with the year the asset becomes operational, using the following annual rates:

Dredging	2.5%-6.7%
Berthing structures	2.5%-10%
Buildings	2.5%-10%
Utilities	3.3%-10%
Roads and surfaces	2.5%-10%
Machinery and equipment	5%-20%
Office furniture and equipment	20%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Insurance

The Port of Québec Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from these claims are recorded in the accounts in the year, based on the invoices received or to be received from Labour Canada for the year.

(e) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(f) Employee benefits

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements, or in accordance with its policy.

1. Investments

Investments, which are direct securities guaranteed by Canada, are as follows:

	1991		1990	
	Cost	Market value	Cost	Market value
	$	$	$	$
Current	730,555	730,555	1,909,823	1,909,588
Long-term			6,729,236	7,176,618

2. Long-term receivable

	1991	1990
	$	$
Receivable from a company, without interest, cashable in January 1994	226,505	

3. Fixed assets

	1991			1990
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Land	11,098,253		11,098,253	11,098,253
Dredging	4,561,341	4,035,490	525,851	553,912
Berthing structures	23,835,959	17,943,425	5,892,534	5,673,150
Buildings	35,138,152	17,039,052	18,099,100	17,652,314
Utilities	19,282,963	3,310,253	15,972,710	1,434,263
Roads and surfaces	6,123,543	4,519,154	1,604,389	1,818,418
Machinery and equipment	830,251	439,178	391,073	437,320
Office furniture and equipment	1,624,810	910,495	714,315	930,313
Projects under construction	973,405		973,405	16,103,787
	103,468,677	48,197,047	55,271,630	55,701,730

4. Changes in non-cash operating working capital

	1991	1990
	$	$
Accounts receivable	(3,146,909)	(630,723)
Materials and supplies	652	(11,826)
Accounts payable and accrued liabilities	(1,310,430)	1,781,287
Contribution payable to Canada	(5,665,000)	5,665,000
Grants in lieu of municipal taxes	35,503	(478,346)
Deferred revenues	(15,399)	32,756
	(10,101,583)	6,358,148

PORT OF QUÉBEC CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

5. Related party transactions

During the year, the Corporation entered into transactions with related entities including various departments, government organizations and Crown corporations.

Principally, the Corporation earned rental revenues of $1,059,000 in 1991 from related entities ($878,000 in 1990). The expenses paid to related parties mainly consist in reimbursements of $842,000 ($803,000 in 1990) to Canada Ports Corporation as its share of the Corporation's head office expenses. The Corporation has also earned investment income of $253,000 ($2,170,000 in 1990) and realized a gain on disposal of investments of $694,000 on Government of Canada securities.

The Corporation has accounts payable of $242,000 ($281,000 in 1990) and accounts receivable of $149,000 ($64,000 in 1990) with the same related parties.

6. Contingencies

Claims aggregating approximately $1,000,000 have been received by the Corporation in respect to lawsuits and various other matters in dispute. In the Corporation's view, its position is defensible and the final outcome of such claims should not result in any material loss.

In addition, claims for an estimated amount of approximately $5,000,000 have been received by the Corporation concerning the ownership of certain lands. Any amount payable in connection with those claims will be capitalized to the cost of land.

These amounts are not recorded in the financial statements.

7. Commitments

The Corporation has authorized the construction of a cleaning system for grain. Costs are estimated to $13,200,000 and will be shared equally between the Corporation and Bunge. As at December 31, 1991, costs incurred by the Corporation amount to $111,000.

PRINCE RUPERT PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Prince Rupert Port Corporation as at December 31, 1991 and the statements of earnings and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, and the letters patent and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

New Westminster, Canada
January 31, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current assets		
Cash	152,261	254,462
Investments (Note 2)	5,734,831	5,337,094
Accounts receivable (Note 4)	5,191,425	2,227,574
Materials and supplies	222,003	209,615
	11,300,520	8,028,745
Property and equipment (Note 3)	103,075,675	104,024,593
	114,376,195	112,053,338

LIABILITIES	1991	1990
	$	$
Current liabilities		
Accounts payable and accrued liabilities	328,174	282,641
Payable to Canada (Note 4)	3,545,675	2,174,570
Grants in lieu of municipal taxes	572,283	441,397
Deferred revenues	222,204	201,004
Current portion of loans from Canada	331,659	300,873
	4,999,995	3,400,485
Long-term debt		
Recoverable contribution from Canada (Note 4)	48,300,000	48,300,000
Loans from Canada (Note 5)	16,547,339	16,878,998
	64,847,339	65,178,998
EQUITY OF CANADA		
Contributed surplus	31,311,805	31,311,805
Surplus	13,217,056	12,162,050
	44,528,861	43,473,855
	114,376,195	112,053,338

Commitments (Note 6).
See accompanying notes to financial statements.

Approved by the Board:

DONALD H. SEIDEL
Chairman of the Board

DOLORES D. MACINTOSH
Vice-Chairman of the Board

PRINCE RUPERT PORT CORPORATION—*Continued*

STATEMENT OF EARNINGS AND SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenue from operations	14,752,698	14,195,949
Expenses		
Operating and administrative	9,338,810	9,272,992
Depreciation	2,389,763	1,652,365
Grants in lieu of municipal taxes	582,910	439,826
	12,311,483	11,365,183
Earnings from operations	2,441,215	2,830,766
Other earnings (expense)		
Interest income	623,206	1,000,973
Gain (loss) on disposal of property and equipment	1,025	(283,573)
Interest expense	(1,762,410)	(1,554,732)
	(1,138,179)	(837,332)
Net earnings	1,303,036	1,993,434
Surplus, beginning of year	12,162,050	11,142,677
	13,465,086	13,136,111
Dividend to Canada	248,030	974,061
Surplus, end of year	13,217,056	12,162,050

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Cash provided by (used in)		
Operations		
Net earnings	1,303,036	1,993,434
Items not involving cash		
Depreciation	2,389,763	1,652,365
Loss (gain) on disposal of property and equipment	(1,025)	283,573
Changes in non-cash operating working capital		
Accounts receivable	(2,963,851)	(902,284)
Materials and supplies	(12,388)	(98,836)
Accounts payable and accrued liabilities	45,534	(3,034,371)
Grants in lieu of municipal taxes	130,886	(59,477)
Deferred revenues	21,200	27,523
	913,155	(138,073)
Financing		
Increase in payable to Canada	1,371,105	309,837
Increase (decrease) in loans from Canada	(300,873)	12,679,871
Dividend to Canada	(248,030)	(974,061)
	822,202	12,015,647
Investment		
Purchase of property and equipment	(1,440,846)	(8,186,185)
Proceeds on disposal of property and equipment	1,025	
	(1,439,821)	(8,186,185)
Increase in cash position	295,536	3,691,389
Cash position, beginning of year	5,591,556	1,900,167
Cash position, end of year	5,887,092	5,591,556
Cash position is defined as:		
Cash	152,261	254,462
Investments	5,734,831	5,337,094
Cash position	5,887,092	5,591,556

See accompanying notes to financial statements.

PRINCE RUPERT PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991

Local port corporation

The Prince Rupert Port Corporation was established effective June 1, 1984 as a local port corporation pursuant to the Canada Ports Corporation Act. The Corporation is exempt from income taxes.

On June 1, 1984, all the assets and liabilities of Canada Ports Corporation relating to the Port of Prince Rupert were transferred to the Corporation at their book value as recorded by Canada Ports Corporation.

1. Significant accounting policies

(a) Investments

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(b) Property and equipment

Property and equipment are recorded at cost. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related property and equipment. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Dredging	5%
Berthing structures	2.5-10%
Buildings	5-10%
Roads and surfaces	3.3-10%
Utilities	5-10%
Machinery and equipment	5-100%
Office furniture and equipment	20-33.3%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years.

2. Investments

	1991	1990
	$	$
Amortized cost	5,734,831	5,337,094
Market value	5,742,975	5,277,293

3. Property and equipment

	1991			1990
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Land	64,099,197		64,099,197	64,099,197
Dredging	306,049	25,025	281,024	296,521
Berthing structures	36,316,408	5,636,705	30,679,703	31,998,971
Buildings	3,720,957	942,053	2,778,904	2,362,529
Roads and surfaces	6,759,758	3,398,513	3,361,245	3,850,601
Utilities	3,381,945	2,505,203	876,742	1,037,070
Machinery and equipment	2,382,637	1,472,166	910,471	232,122
Office furniture and equipment	349,109	260,720	88,389	147,582
	117,316,060	14,240,385	103,075,675	104,024,593

PRINCE RUPERT PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991—*Concluded*

4. Recoverable contribution from Canada

A recoverable contribution of $50,400,000 was approved for the construction of the infrastructure for the coal terminal facility on Ridley Island. The recoverable contribution as at December 31, 1991 is $48,300,000.

The total recoverable contribution was interest-free until April 1, 1989, thereafter it bears interest of approximately 13.9%.

Principal and interest on $48,300,000 of the contribution are repayable in annual instalments over a 20-year period, commencing April 1, 1989, contingent upon the revenues received from a direct coal throughput surcharge of $0.492129 per tonne for 1991 (1990—$0.463111 per tonne), (escalating with the rate of increase in the Consumer Price Index) at a minimum throughput of 6,600,000 tonnes but not to exceed 12,000,000 tonnes per year. On April 1, 2009, it is anticipated that the unpaid balance of the contribution, if any, will be forgiven by the Government of Canada.

As the Corporation acts as an intermediary between Ridley Terminals Inc. and the Government of Canada, the surcharge revenues and interest payments are not reflected in the Corporation's statement of earnings. Rather, they are reflected on the balance sheet as accounts receivable, and payable to Canada.

As at December 31, 1991, the Corporation has recorded approximately $3,545,675 (1990—$2,175,000) in connection with the above surcharge.

5. Loans from Canada

	1991	1990
	$	$
Interest-bearing loans at 9.80% to 10.40% repayable in blended annual instalments, maturing in 2010	16,878,998	17,179,871
Less portion included in current liabilities	331,659	300,873
	16,547,339	16,878,998

Principal payment requirements over the next five years are as follows:

	$
1992	332,000
1993	366,000
1994	403,000
1995	444,000
1996	490,000
	2,035,000

6. Commitments

The Corporation rents its premises under a long-term operating lease which expires April 30, 1994. The future rental payable to the expiry date is as follows:

	$
1992	81,264
1993	81,264
1994	27,088

7. Related party transactions

(a) During the year, the Corporation recognized lease revenue of $1,810,830 (1990—$1,654,584) from Ridley Terminals Inc., a company which is a wholly-owned subsidiary of Canada Ports Corporation. At December 31, 1991, accounts receivable included $3,942,465 (1990—$741,675) from Ridley Terminals Inc.

(b) During the year, the Corporation paid $560,668 (1990—$534,884) to Canada Ports Corporation as its share of that Corporation's head office expense.

ROYAL CANADIAN MINT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards, and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the Financial Administration Act and regulations as well as the Royal Canadian Mint Act and by-laws of the corporation.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management, internal audit staff and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister responsible for the Royal Canadian Mint.

M. A. J. Lafontaine
President and Master of the Mint

J. E. Uberig
Vice-President, Administration and Finance

AUDITOR'S REPORT

TO THE MINISTER OF SUPPLY AND SERVICES

I have audited the balance sheet of the Royal Canadian Mint as at December 31, 1991 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Royal Canadian Mint Act and by-laws of the corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
April 13, 1992

ROYAL CANADIAN MINT—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash and short-term investments	13,380	17,194
Accounts receivable	6,930	9,095
Prepaid expenses	1,460	1,140
Inventories (Note 3)	30,510	31,247
	52,280	58,676
Property, plant and equipment (Note 4)	47,480	49,127
	99,760	107,803

LIABILITIES	1991	1990
Current		
Accounts payable	13,982	18,285
Current portion of long-term loans (Note 5)	2,673	2,673
Deferred revenues	8,816	4,850
	25,471	25,808
Long-term		
Loans from Government of Canada (Note 5)	8,194	10,867
Provision for employee termination benefits	6,065	6,104
	14,259	16,971
SHAREHOLDER'S EQUITY		
Share capital (authorized and issued, 4,000 non-transferable shares)	40,000	40,000
Retained earnings	20,030	25,024
	60,030	65,024
	99,760	107,803

Approved by Management:

M. A. J. LAFONTAINE
President and Master of the Mint

J. E. UBERIG
Vice-President, Administration and Finance

Approved by the Board of Directors:

J. C. CORKERY
Chairman

ROYAL CANADIAN MINT—*Continued*

STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues	295,842	604,144
Cost of goods sold	265,294	559,485
Gross profit	30,548	44,659
Other expenses		
Marketing	17,506	21,489
Administration	8,744	10,421
Depreciation	3,142	2,827
	29,392	34,737
Income from operations	1,156	9,922
Interest income	1,523	2,018
Interest expense	(1,240)	(1,528)
Income before income tax	1,439	10,412
Income tax (Note 6)	133	
Net income	1,306	10,412
Retained earnings, beginning of year	25,024	16,912
Dividend	(6,300)	(2,300)
Retained earnings, end of year	20,030	25,024

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating activities		
Net income	1,306	10,412
Item not affecting funds		
Depreciation	3,142	2,827
	4,448	13,239
Net change in non-cash working capital	2,245	(8,476)
Increase (decrease) in provision for employee termination benefits	(39)	628
	6,654	5,391
Investing activities		
Additions to property, plant and equipment	(1,495)	(9,856)
Financing activities		
Decrease in loans from Government of Canada	(2,673)	(2,673)
Dividend	(6,300)	(2,300)
	(8,973)	(4,973)
Decrease in cash	(3,814)	(9,438)
Cash and short-term investments, beginning of year	17,194	26,632
Cash and short-term investments, end of year	13,380	17,194

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991

1. Authority and objectives

The Mint was incorporated in 1969 by the Royal Canadian Mint Act and is an agent of Her Majesty named in Part II of Schedule III to the Financial Administration Act. The objectives of the Mint are to mint coins in anticipation of profit and to carry out other related activities.

The Mint may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and the terms and conditions, but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed $50 million.

2. Significant accounting policies

(a) Inventories

Raw materials and supplies are valued at the lower of cost and replacement cost, cost being determined by the average cost method. Work in process and finished goods are valued at the lower of cost and net realizable value, cost being determined by the average cost method.

(b) Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated under the straight-line method at the following annual rates:

Land improvements	21/2%
Buildings	21/2%
Equipment	10%

(c) Deferred revenues

Payments received in advance on sales are not recognized as revenue until the products are shipped.

(d) Employee termination benefits

Employees are entitled to specific termination benefits as provided under their collective agreement and terms of employment. The liability for these benefits is charged to income as benefits accrue to the employees.

(e) Pension plan

Employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current services. These contributions represent the total pension obligations of the corporation and are charged to operations on a current basis.

3. Inventories

	1991	1990
	(in thousands of dollars)	
Raw materials	18,887	15,631
Work in process	4,475	6,283
Finished goods	4,630	6,132
Supplies	2,518	3,201
	30,510	31,247

ROYAL CANADIAN MINT—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

In order to facilitate the production of precious metal coins, the Mint borrows the quantity of gold, platinum and silver required and pays interest based on the value of these metals established on the commodity markets. As at December 31, 1991 a total of 504,106 ounces of gold and 3,820 ounces of platinum was borrowed and was not reflected in these statements.

4. Property, plant and equipment

	1991			1990
	Cost	Accumulated depreciation	Net book value	Net book value
		(in thousands of dollars)		
Land	3,226		3,226	3,226
Land improvements	914	585	329	343
Buildings	43,877	10,610	33,267	34,139
Equipment	31,845	21,187	10,658	11,419
	79,862	32,382	47,480	49,127

5. Loans from Government of Canada

These loans bear interest at various annual rates ranging from 8.25% to 12.00% and are repayable in annual instalments of $2,673,065 until 1995, $76,115 in 1996 and 1997 and $22,265 in 1998.

6. Income tax

The corporation became a prescribed federal Crown corporation pursuant to Regulation 7100 of the Income Tax Act (Canada) effective January 1, 1991 and accordingly became subject to federal income tax from that date. The corporation is not subject to provincial income taxes.

The corporation's expected income tax rate is the net federal statutory rate (including surtax) of 38.8% less the manufacturing and processing deduction of 4.5%. The 1991 effective tax rate is zero, other than the large corporations tax, due to the utilization by the corporation of differences between the tax and accounting values of the assets at the date it became subject to income tax. These differences which are available to reduce current and future years' taxable income totalled $45.7 million, of which $1.5 million was used in 1991. Of the remaining $44.2 million, $9.7 million will expire in 1998.

7. Related party transactions

Transactions with the Department of Finance related to the borrowing, refining and purchasing of gold were conducted in the normal course of business, under the same terms and conditions that apply to unrelated parties. Transactions with the Department of Finance related to the production and delivery of Canadian circulation coins are generally carried out on a cost plus basis.

8. Comparative figures

Certain comparative figures of the 1990 financial statements have been reclassified to conform to the presentation adopted in 1991.

9. Subsequent event

The Government has announced in its February 1992 budget its intention to conduct a review to determine whether it is appropriate and practical to privatize the corporation.

SAINT JOHN PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of the Saint John Port Corporation as at December 31, 1991 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Ernst & Young
Chartered Accountants

Saint John, Canada
January 30, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current		
Cash	62	
Investments (Note 3)	4,016	13,386
Accounts receivable	1,300	1,182
Materials and supplies	26	28
	5,404	14,596
Long-term		
Long-term investments (Note 3)	1,490	962
Fixed assets (Note 4)	82,282	76,503
	83,772	77,465
	89,176	92,061

LIABILITIES	1991	1990
Current		
Bank indebtedness		50
Accounts payable and accrued charges	1,909	1,760
Deferred revenues	331	521
Grants in lieu of municipal taxes	120	40
Due to Canada (Note 5)		2,455
Current portion of deferred interest contribution	713	623
	3,073	5,449
Long-term		
Loans from Canada (Note 6)	20,052	20,052
Financing provided by a province (Note 7)	19,696	19,696
Accrued employee benefits	570	481
Deferred interest contribution (Note 8)		708
	40,318	40,937
	43,391	46,386
EQUITY OF CANADA		
Contributed capital (Note 5)	44,462	44,462
Retained earnings	1,323	1,213
	45,785	45,675
	89,176	92,061

See accompanying notes.

On behalf of the Board:

HARRY P. GAUNCE
Chairman of the Board

KENNETH R. KRAUTER
General Manager and Chief Executive Officer

SAINT JOHN PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Revenues from operations	11,312	11,882
Expenses		
Operating and administrative	7,122	7,787
Grants in lieu of municipal taxes	731	587
Depreciation	2,336	2,585
Loss on disposal of fixed assets	508	745
	10,697	11,704
Income from operations	615	178
Investment income	1,102	1,668
Interest expense (Note 8)	(1,607)	(1,590)
Net income	110	256
Retained earnings, beginning of year	1,213	957
Retained earnings, end of year	1,323	1,213

See accompanying notes.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Cash provided by (used in)		
Operations		
Net income	110	256
Add items not requiring a cash payment		
Depreciation	2,336	2,585
Loss on disposal of fixed assets	508	745
Other	86	53
	3,040	3,639
Net change in non-cash working capital balances (Note 9)	(2,442)	911
	598	4,550
Financing		
Deferred interest contribution	(708)	1,331
Capital grants	500	
Contribution to Canada		(4,910)
Due to Canada		2,455
	(208)	(1,124)
Investing		
Additions to fixed assets	(9,123)	(1,550)
Long-term investments	(525)	
Proceeds on disposal of fixed assets		34
	(9,648)	(1,516)
Increase (decrease) in cash	(9,258)	1,910
Cash position, beginning of year	13,336	11,426
Cash position, end of year	4,078	13,336

Cash position consists of cash, short-term investments and bank indebtedness.
See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991

1. Canada Ports Corporation Act and Incorporation

In accordance with the Canada Ports Corporation Act, a petition for the establishment of a local port corporation at the Port of Saint John was approved and the Saint John Port Corporation was incorporated under the laws of Canada effective at the closing of business on December 31, 1986 and commenced operations January 1, 1987.

In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred to the Saint John Port Corporation at their carrying values in the accounts of the Canada Ports Corporation—Port of Saint John.

2. Significant accounting policies

(a) Investments

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

(b) Fixed assets

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational using rates as follows:

Dredging	2.5-6.7%
Berthing structures	2.5-10.0%
Buildings	2.5-10.0%
Utilities	3.3-10.0%
Roads and surfaces	2.5-10.0%
Machinery and equipment	5.0-100.0%
Office furniture and equipment	20.0%

(c) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

SAINT JOHN PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

3. Investments

Investments are direct and guaranteed securities of Canada as follows:

	1991		1990	
	Amortized cost	Face value	Amortized cost	Face value
	(in thousands of dollars)			
Canada Treasury Bills	4,016	4,058	13,386	14,009
Canada Bonds	1,490	1,520	962	1,000

4. Fixed assets

	1991			1990
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	30,679		30,679	30,426
Dredging	1,967	1,536	431	451
Berthing structures	64,554	31,890	32,664	33,307
Buildings	11,722	5,975	5,747	6,185
Utilities	7,963	4,280	3,683	3,720
Roads and surfaces	5,335	4,607	728	817
Machinery and equipment	833	553	280	189
Office furniture and equipment	1,250	1,016	234	282
Work under construction	7,836		7,836	1,126
	132,139	49,857	82,282	76,503

5. Contributed capital

	1991	1990
	(in thousands of dollars)	
Contributed capital, beginning of year	44,462	49,372
Contribution to Canada		(4,910)
Contributed capital, end of year	44,462	44,462

During 1990, the Federal Government required payment of \$4.91 million from the Corporation as a contribution toward Federal Government deficit reduction. At December 31, 1990 \$2.455 million was outstanding, and was paid in early 1991.

6. Loans from Canada

	1991	1990
	(in thousands of dollars)	
Term loans bearing interest at 11.0% to 12.43% maturing between December 31, 1998 and 2005	20,052	20,052

7. Financing provided by a province

The Province of New Brunswick advanced \$25,000,000 to partially finance the construction of Rodney Terminal Complex, Saint John. The province will receive annual principal payments equal to approximately 47% of the net operating income of the terminal until the non-interest bearing advance is repaid. The cost of major repairs has been included in calculating the net operating income of the terminal and the current portion payable as at December 31, 1991 has been calculated accordingly. The province is disputing this accounting treatment. Had net operating income not been reduced by the cost of these major repairs, the current portion payable would be approximately \$1,129,000.

8. Deferred interest contribution

During 1990 the Federal Government advanced the Corporation \$2,000,000 to offset interest payments in 1990, 1991 and 1992 on the \$6,665,000 debt owed to the Federal Government with respect to Rodney Terminal.

The original amount of the advance plus the interest earned (\$286,000) will be available to fund interest payments required over the three year period. The deferred interest credit will be absorbed on a straight-line basis over the period. The funds on hand at December 31, 1991 \$713,000, are available to reduce interest expense in 1992. Interest expense for 1990 was reduced by approximately \$756,000 as a result of the application of the deferred credit.

9. Net change in non-cash working capital balances

	1991	1990
	(in thousands of dollars)	
Decrease (increase) in current assets		
Accounts receivable	(118)	145
Materials and supplies	2	17
	(116)	162
Increase (decrease) in current liabilities		
Accounts payable and accrued charges	149	650
Deferred revenues	(190)	143
Grants in lieu of municipal taxes	80	(44)
Due to Canada	(2,455)	
Current portion of deferred interest contribution	90	
	(2,326)	749
	(2,442)	911

10. Related party transactions

During the year the Corporation paid \$841,000 (1990—\$803,000) to Canada Ports Corporation as its share of that Corporation's head office expense.

ST. JOHN'S PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE DOUG LEWIS, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of the St. John's Port Corporation as at December 31, 1991 and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Ports Corporation Act and the by-laws of the Corporation.

Doane Raymond
Chartered Accountants

St. John's, Canada
February 7, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash	31,951	29,289
Investments (Note 3)	3,250,658	2,495,892
Accounts receivable	511,738	528,987
Due from Canada		66,000
	3,794,347	3,120,168
Fixed (Note 4)	14,029,662	14,134,876
	17,824,009	17,255,044

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	240,674	377,493
Grants in lieu of municipal taxes	139,037	47,104
Deferred revenues	361,210	337,911
Current portion of loans from Canada	264,689	241,331
	1,005,610	1,003,839
Accrued employee benefits	153,675	121,160
Loans from Canada (Note 5)	2,406,106	2,670,795
	3,565,391	3,795,794
EQUITY OF CANADA		
Contributed capital	10,131,636	10,131,636
Surplus	4,126,982	3,327,614
	14,258,618	13,459,250
	17,824,009	17,255,044

Contingencies (Note 6).

On behalf of the Board:

FRED M. MILLEY
Chairman

DAVID J. FOX
Port Manager and Chief Executive Officer

ST. JOHN'S PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND SURPLUS
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenue from operations	3,428,662	3,351,142
Operating and administrative expenses	1,703,617	1,619,361
Depreciation	828,692	889,114
Grants in lieu of municipal taxes	91,933	53,662
	2,624,242	2,562,137
Income from operations	804,420	789,005
Investment income	298,885	249,991
Interest expense	(280,185)	(301,480)
Net income	823,120	737,516
Surplus, beginning of year	3,327,614	2,590,098
	4,150,734	3,327,614
Dividend to Canada	23,752	
Surplus, end of year	4,126,982	3,327,614

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Cash provided from (used for)		
Operating activities		
Net income	823,120	737,516
Depreciation	828,692	889,114
Other non-cash items	32,515	29,669
	1,684,327	1,656,299
Changes in		
Accounts receivable	17,249	(158,210)
Due from Canada	66,000	9,095
Accounts payable and accrued liabilities	33,029	(36,764)
Grants in lieu of municipal taxes	91,933	729
Deferred revenues	23,299	36,673
Current portion of loans from Canada	23,358	21,295
	1,939,195	1,529,117
Financing activities		
Change in construction payables	(169,848)	163,911
Capital grants		1,324,905
Loans from Canada	(264,689)	(241,331)
	(434,537)	1,247,485
Investing activities		
Proceeds on disposals of fixed assets	1,068	8,335
Purchase of fixed assets	(724,546)	(1,572,708)
	(723,478)	(1,564,373)
Dividend to Canada	(23,752)	
Net cash provided	757,428	1,212,229
Cash and short-term investments, beginning of year	2,525,181	1,312,952
Cash and short-term investments, end of year	3,282,609	2,525,181

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991

1. In accordance with the Canada Ports Corporation Act, a petition for the establishment of a local port corporation at the Port of St. John's was approved and the St. John's Port Corporation was established effective June 1, 1985.

   In accordance with the Canada Ports Corporation Act, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of St. John's to the St. John's Port Corporation.

2. Significant accounting policies

   (a) Investments

   The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

   (b) Fixed assets

   Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

   Depreciation is recorded on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates indicated in Note 4.

   (c) Pension costs

   All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

   (d) Grants in lieu of municipal taxes

   The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the Municipal Grants Act. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

   (e) Employee benefits

   The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years in accordance with its policy.

3. Investments

	1991		1990	
	Amortized cost	Face amount	Amortized cost	Face amount
	$	$	$	$
Short-term	3,250,658	3,328,900	2,495,892	2,532,400

ST. JOHN'S PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

4. Fixed assets

	1991				1990
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	$	$	$	$
Land		4,735,248		4,735,248	4,735,248
Berthing structures	2.5-10	10,096,942	6,081,695	4,015,247	3,691,604
Buildings	2.5-10	1,910,603	1,365,577	545,026	592,743
Utilities	3.3-10	3,339,207	1,099,269	2,239,938	2,155,621
Roads and surfaces	2.5-10	3,968,589	1,759,936	2,208,653	2,531,198
Machinery and equipment	5-100	309,170	132,843	176,327	192,217
Office furniture and equipment	20	254,871	180,038	74,833	68,501
Projects under construction		34,390		34,390	167,744
		24,649,020	10,619,358	14,029,662	14,134,876

5. Loans from Canada

	1991	1990
	$	$
Term loans, bearing interest at 9.33% to 10.015%, maturing between 1997 and 2000, repayable in equal annual instalments of principal and interest of $521,516	2,670,795	2,912,126
Principal instalments payable within one year	264,689	241,331
	2,406,106	2,670,795

The loans from Canada are unsecured.

Annual principal repayments in each of the next five years are as follows:

	$
1992	264,689
1993	290,309
1994	318,412
1995	349,238
1996	383,050

6. Contingent liabilities

Claims aggregating approximately $364,000 arising from alleged damages suffered on the Corporation's property have been received by the Corporation. The Corporation is a third party defendant, and has denied any liability, and no material loss is anticipated.

7. Related party transactions

During the year, the Corporation received advances on a capital grant from the Federal Government in the amount of $66,000 (1990—$1,334,000).

During the year the Corporation paid $233,238 (1990—$222,512) to Canada Ports Corporation as its share of that Corporation's head office expense.

8. Comparative figures

Certain of the 1990 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1991.

THE ST. LAWRENCE SEAWAY AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The St. Lawrence Seaway Authority as at March 31, 1992 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, The St. Lawrence Seaway Authority Act and the by-laws of the Authority.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 21, 1992

BALANCE SHEET AS AT MARCH 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and term deposits	23,006	19,828
Accounts receivable	9,118	5,811
Accrued interest receivable	1,277	2,073
Supplies inventory	2,847	3,022
	36,248	30,734
Long-term		
Investments (Note 3)	32,053	36,911
Receivable	46	70
Investment in subsidiaries (Note 4)	10	10
Capital assets (Note 5)	531,742	525,779
	600,099	593,504

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities	16,790	12,032
Large corporation tax payable (Note 8)	3,459	2,011
	20,249	14,043
Long-term		
Accrued employee termination benefits (Note 3)	12,900	13,182
	33,149	27,225
Commitments and contingencies (Notes 9 and 10)		
EQUITY OF CANADA		
Contributed capital (Note 6)	624,950	624,950
Deficit	(58,000)	(58,671)
	566,950	566,279
	600,099	593,504

Approved:

G.R. STEWART
President

CAROL LEMELIN
Comptroller and Treasurer

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992					1991
	Montreal-Lake Ontario Section	Welland Section	Total Seaway	Thousand Islands Bridge	Total	Total
Revenues						
Tolls	26,069	31,949	58,018		58,018	59,175
Leases and licenses	696	3,383	4,079	944	5,023	4,616
Others	1,788	1,537	3,325	1,420	4,745	3,923
	28,553	36,869	65,422	2,364	67,786	67,714
Expenses						
Operating	6,845	11,350	18,195		18,195	18,870
Maintenance	11,604	13,610	25,214	291	25,505	27,873
Administration	4,979	5,799	10,778	58	10,836	11,155
Headquarters	4,584	6,028	10,612	94	10,706	11,005
Amortization	4,912	5,963	10,875	67	10,942	10,762
Employee termination benefits	470	680	1,150		1,150	1,648
	33,394	43,430	76,824	510	77,334	81,313
Income (loss) from operations	(4,841)	(6,561)	(11,402)	1,854	(9,548)	(13,599)
Investment income	2,299	3,022	5,321	637	5,958	7,455
Lease price adjustment (Note 7)		5,709	5,709		5,709	
Net income (loss) before large corporation tax	(2,542)	2,170	(372)	2,491	2,119	(6,144)
Large corporation tax	612	804	1,416	32	1,448	1,255
Net income (loss) for the year	(3,154)	1,366	(1,788)	2,459	671	(7,399)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992			1991
	Seaway	Thousand Islands Bridge	Total	Total
Retained earnings (deficit), beginning of the year	(68,819)	10,148	(58,671)	(51,272)
Net income (loss) for the year	(1,788)	2,459	671	(7,399)
Retained earnings (deficit), end of the year	(70,607)	12,607	(58,000)	(58,671)

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands of dollars)

	1992			1991
	Seaway	Thousand Islands Bridge	Total	Total
Cash provided by (used in)				
Operating activities				
Net income (loss) for the year	(1,788)	2,459	671	(7,399)
Items not requiring cash				
Amortization	10,875	67	10,942	10,762
Provision for termination benefits	1,150		1,150	1,648
Profit on disposal of capital assets	(494)		(494)	(355)
Net change in working capital components other than cash and term deposits	3,743	203	3,946	1,187
Payment of termination benefits	(1,508)		(1,508)	(1,254)
Cash provided by operating activities	11,978	2,729	14,707	4,589
Financing activities				
Funding from Federal Government for Welland Canal Rehabilitation Program	28,700		28,700	27,300
Cash provided by financing activities	28,700		28,700	27,300
Investing activities				
Decrease in long-term receivables	24		24	23
Decrease in investments	4,858		4,858	7,951
Increase in capital assets	(42,949)	(2,729)	(45,678)	(37,320)
Proceeds from disposal of capital assets	567		567	526
Cash used in investing activities	(37,500)	(2,729)	(40,229)	(28,820)
Increase in cash	3,178		3,178	3,069
Cash and term deposits at beginning of year	19,828		19,828	16,759
Cash and term deposits at end of year	23,006		23,006	19,828
Working capital position at end of year				
Current assets	36,248		36,248	30,734
Current liabilities	28,226	(7,977)	20,249	14,043
	8,022	7,977	15,999	16,691

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and objectives

The St. Lawrence Seaway Authority was established in 1954 under The St. Lawrence Seaway Authority Act and is classified as a parent Crown corporation under Schedule III Part I of the Financial Administration Act.

The Authority was established to construct and operate a deep waterway between the Port of Montreal and Lake Erie together with such works and other property, including bridges incidental to the deep waterway, as deemed necessary by the Governor in Council.

Under the St. Lawrence Seaway Authority Act, tolls may be established by filing with the National Transportation Agency or by agreement between Canada and the United States. This agreement between the two countries is in the form of an exchange of notes in accordance with directions given by the Governor in Council.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

(a) Supplies inventory

Supplies inventory comprises equipment and supplies used in the operation and maintenance of the Seaway and is recorded at cost.

(b) Investments in subsidiaries

Investments in wholly-owned subsidiary companies are recorded at cost. The financial statements of the subsidiary companies have not been consolidated in these financial statements because changes in the equity of the subsidiaries do not accrue to the Authority. Separate audited financial statements for each of the subsidiary companies are available to the public.

(c) Capital assets

Capital assets are recorded at cost. Replacements and major improvements which increase the capacity of the deep waterway system or extend the estimated useful lives of existing assets are capitalized. Repairs and maintenance are charged to operations as incurred and major betterments incurred to assure the reliability of the system are capitalized. The cost of assets sold, retired, or abandoned, and the related accumulated amortization are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Amortization is recorded using the straight-line method based on the estimated useful lives of the assets.

(d) Welland Canal Rehabilitation Program

Funding received from the Government of Canada for this program is accounted for by crediting the amount against the costs of related capital projects undertaken during the year. The non-funded remaining cost, which is to be recovered from the users, will be capitalized and amortized.

(e) Employee termination benefits

Employees of the Authority are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(f) Pension plan

All employees of the Authority are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

(g) Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in revenues and/or expenses in the year in which they are incurred.

(h) Insurance

The Authority assumes substantially all risks in relation to compensation and damages to its locks. For all other assets the Authority carries conventional insurance.

(i) Thousand Islands Bridge

In September 1976, the Minister of Transport entrusted the Authority with the management and operation of the Thousand Islands Bridge, while the real property was vested in the name of Her Majesty in Right of Canada. Subsequent capital expenditures made by the Authority to improve the Bridge have been recorded as capital assets. The retained earnings of the Bridge represent its cumulative earnings since September 1976.

These financial statements have segregated the operations of the Thousand Islands Bridge on the premise that its management and operation by the Authority is independent of Seaway operations.

(j) Volume and incentive rebates

The Authority offers volume and incentive rebates to promote increased traffic, and thus increase revenues. These rebates are debited to tolls revenues earned during the year.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

3. Long-term investments

In order to provide for major capital improvement projects of The St. Lawrence Seaway and the rehabilitation of the Canadian span at the Thousand Islands Bridge and for future employee termination benefits, the Authority has set aside the following long-term investments:

	1992	1991
	(in thousands of dollars)	
Capital improvements		
Government of Canada Bonds, maturing on varying dates up to 1995	9,053	9,053
Par value $9,000 (1991—$9,000)		
Market value $9,205 (1991—$9,005)		
Treasury Bills, maturing on varying dates up to August 1991		4,858
Investment Certificates, maturing March 1994 and March 1995	10,000	10,000
	19,053	23,911
Termination benefits		
Deposit with Consolidated Revenue Fund, maturing March 1994	13,000	13,000
	32,053	36,911

4. Subsidiaries and related parties transactions

Investments in wholly-owned subsidiaries consist of the following:

	Number of shares	Cost
		$
Great Lakes Pilotage Authority, Ltd. (GLPA)	15	1,500
The Jacques Cartier and Champlain Bridges Incorporated (JCCB)	1	100
The Seaway International Bridge Corporation, Ltd. (SIBC)	8	8,000
		9,600

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

During the year ended March 31, 1992, the Authority provided JCCB with certain administration services for which it charged $686,280 (1991—$686,280). At March 31, 1992, $57,190 was receivable for these services (1991—$77).

Each calendar year, SIBC pays a bridge use charge to the Authority (1991—$1,538,390; 1990—$602,174) towards amortization of the Authority's construction and interest costs related to the North Channel Bridge. At March 31, 1992, $3.1 million (1990—$4.6 million) in construction costs remained unamortized. SIBC also pays $65,923 (1991—$0) for engineering services provided by the Authority.

The Canadian Coast Guard provides the Authority with navigational aids services. The fee paid by the Authority for this service during the year amounted to $595,000 (1991—$595,000).

5. Capital assets

	Amortization rate	1992 Cost	1992 Accumulated amortization	1992 Net	1991 Net
		(in thousands of dollars)			
Seaway					
Land		29,879		29,879	29,880
Channels and canals	1%	249,118	78,640	170,478	172,959
Locks	1%	238,005	94,701	143,304	145,082
Bridges and tunnels	2%	101,762	50,417	51,345	53,513
Buildings	2%	12,555	7,326	5,229	5,030
Equipment	2-20%	31,052	18,715	12,337	13,360
Remedial works	1%	121,458	27,767	93,691	94,909
Work under construction		20,849		20,849	9,078
		804,678	277,566	527,112	523,811
Thousand Islands Bridge Improvements	2%	5,072	442	4,630	1,968
		809,750	278,008	531,742	525,779

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

Work under construction

Work under construction for various projects includes among other things:

—the portion of the Welland Canal Rehabilitation Program that will be recoverable from the Government of Canada in 1992-93 in the amount of $794,000 (1990-91—$1,911,002); and

—the Valleyfield Bridge work in the amount of $17,797,895 (1990-91—$6,056,361) which will be recoverable from the users.

Welland Canal Rehabilitation Program

In 1985, the Authority engaged consultants to examine in detail, and report on, the structural condition of the Welland Canal system. The report was submitted during 1986 and, as a result, a seven-year $175 million rehabilitation program has been established to refit the Welland Canal and ensure a continued safe and reliable waterway into the 21st century. The program consists of refurbishing of lock walls, stabilizing the canal banks and approach walls, and rehabilitating ancillary structures.

During 1986, the Government of Canada approved funding for the financing of the Welland Canal Rehabilitation Program for an amount not to exceed $175 million over a period of seven years. To date the federal government funding has amounted to $146.0 million, all of which has been spent on the program and has been deducted from related works under construction. As at March 31, 1992, $141.6 million of the approved amount for the first six years was received and $4.4 million (1991—$1.8 million) is included in accounts receivable.

The Government of Canada funding for the remainder of the program will be $29 million in 1992-93.

6. Contributed capital

As of April 1, 1977, loans from Canada of $624.95 million were converted to equity by parliamentary appropriation. This amount was recorded as contributed capital.

The parliamentary appropriation authorizing the 1977 conversion of loans from Canada to equity also authorized the Minister to fix, from time to time, the amount that shall be paid by the Authority annually out of its toll revenue as a return on capital. No return on capital has been required to be paid for the years ended March 31, 1992 and 1991.

7. Lease price adjustment

The lease price adjustment results from a change in the method of calculation of the contract price and represents retroactive leasing revenue collected from Ontario-Hydro for the period of July 1988 to March 1991.

8. Income taxes

The Authority, as a prescribed Federal Crown corporation, is subject to the provisions of the Income Tax Act. The Authority is not subject to any provincial income taxes.

Currently, unamortized capital cost for tax purposes is in excess of the net book value of capital assets by approximately $236 million. The tax effect of this excess has not been recorded in the accounts of the Authority. The Authority also has accumulated research and development costs of approximately $4 million which are available to reduce the taxable income of future years.

The Federal Budget of April 1989 included the introduction of a Large Corporation Tax. The tax is levied on taxable capital employed in Canada and is to be applied after June 1989. The Authority has made provision for the estimated amount payable from that date to March 31, 1992.

9. Commitments

At March 31, 1992, contractual obligations for capital and other expenditures, including Welland Canal Rehabilitation Program, amounted to $4.1 million (1991—$195,000). The Authority is also committed to pay 25% of expenditures incurred by Hydro-Quebec for the Valleyfield Bridge rehabilitation project. To date, $17.8 million has been incurred and future costs of up to $17.4 million are recoverable from the Government of Canada. The commitment for the future minimum operating lease payments, required for office space for a term in excess of one year, is as follows:

	(in thousands of dollars)
1992-93	269
1993-94	269
1994-95	269
1995-96	179

10. Contingencies

There is a total of $76.2 million in claims instituted against the Authority. These arise from a breakdown of the Valleyfield Bridge in November 1984, an October 1985 Lock 7 wall blowout, compensation and damages in connection with the expropriation of lands and various other claims. The Authority is contesting all these claims and their outcome cannot be determined at this time although management is of the opinion that these actions will not result in any material losses to the Authority. The Authority is also the claimant in certain other pending or threatened claims and lawsuits.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1992 and the statements of operations, deficit, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act and the charter and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 1, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash and short-term investments	4,071,959	2,985,689
Accounts receivable	228,139	447,751
Due from Canada	3,918,257	4,095,050
	8,218,355	7,528,490
Capital assets		
Land	3,562,645	3,771,945
Bridges	73,318,633	73,277,951
Vehicles and equipment	917,012	897,238
	77,798,290	77,947,134
Less: accumulated amortization	63,072,845	61,971,177
	14,725,445	15,975,957
	22,943,800	23,504,447

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable	4,873,038	4,254,350
Due to parent company	62,399	2,865
Deferred revenues	91,402	79,759
	5,026,839	4,336,974
Long-term		
Provision for employee termination benefits	420,177	442,329
	5,447,016	4,779,303
Commitments and contingencies (Notes 6 and 7)		
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—50 shares without par value		
Issued and fully paid—1 share	100	100
Contributed capital	32,800,559	32,838,965
Deficit	(15,303,875)	(14,113,921)
	17,496,784	18,725,144
	22,943,800	23,504,447

Approved by the Board:

GLENDON R. STEWART
Director

ROGER J. FORGUES
Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992

	Jacques Cartier Bridge	Champlain Bridge	Total 1992	Total 1991
	$	$	$	$
Revenues				
Tolls (Note 3)				1,019,479
Interest	174,929	174,929	349,858	391,852
Leases and licenses	175,024	157,885	332,909	357,249
Other	27,211	78,478	105,689	76,500
	377,164	411,292	788,456	1,845,080
Expenses				
Maintenance (Note 4)	6,756,248	15,159,008	21,915,256	21,341,235
Operation	1,067,025	2,060,536	3,127,561	3,390,825
Administration	854,839	1,374,637	2,229,476	2,231,784
Amortization	71,090	1,049,270	1,120,360	1,116,520
	8,749,202	19,643,451	28,392,653	28,080,364
Loss before unusual items	8,372,038	19,232,159	27,604,197	26,235,284
Unusual items				
License revenue from prior years				291,804
Costs incurred upon tolls suppression				1,481,331
Loss for the year	8,372,038	19,232,159	27,604,197	27,424,811

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	14,113,921	13,258,635
Loss for the year	27,604,197	27,424,811
	41,718,118	40,683,446
Parliamentary appropriation—Operations	26,414,243	26,569,525
Balance at end of the year	15,303,875	14,113,921

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	32,838,965	32,699,587
Parliamentary appropriation—		
Capital assets	(38,406)	139,378
Balance at end of the year	32,800,559	32,838,965

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Net loss for the year	(27,604,197)	(27,424,811)
Non-cash items		
Amortization	1,120,360	1,116,520
Decrease in the provision for employee termination benefits	(22,152)	(261,234)
Loss on disposal of land	91,746	
	(26,414,243)	(26,569,525)
Changes in non-cash items of working capital	909,477	(113,383)
	(25,504,766)	(26,682,908)
Investing activities		
Additions to capital assets	(79,148)	(150,045)
Proceeds from the disposal of capital assets	117,554	10,667
	38,406	(139,378)
Financing activities		
Parliamentary appropriation	26,375,837	26,708,903
Cash and cash equivalents		
Increase (decrease) for the year	909,477	(113,383)
Balance at beginning of the year	7,080,739	7,194,122
Balance at end of the year (*)	7,990,216	7,080,739
(*) Cash and short-term investments	4,071,959	2,985,689
Due from Canada	3,918,257	4,095,050
	7,990,216	7,080,739
Working capital position at year-end		
Current assets	8,218,355	7,528,490
Current liabilities	5,026,839	4,336,974
	3,191,516	3,191,516

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority and activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the Canada Business Corporations Act on November 3, 1978 and is a wholly owned subsidiary of The St. Lawrence Seaway Authority, which is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The Corporation is dependent on the Government of Canada for its financing.

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area.

2. Significant accounting policies

(a) Capital assets

Capital assets acquired from the National Harbours Board (now Canada Ports Corporation) on December 1, 1978 were recorded at their then book values with an offset to contributed capital. Subsequent additions are recorded at cost.

Capital assets are amortized over their estimated economic lives using the straight-line method, at the following rates:

Jacques Cartier Bridge	4.8%
Champlain Bridge	2.5%
Vehicles and equipment	10% and 20%

The cost of the portion of the Bonaventure Autoroute for which the Corporation is responsible and the initial cost of the Jacques Cartier Bridge are fully amortized.

The cost of major maintenance is charged to operations in the year in which the work is performed.

(b) Parliamentary appropriation

The amount of the parliamentary appropriation used to cover the loss for the year is reflected in the statement of deficit. In this regard, operating expenses do not include amortization and any change in the provision for employee termination benefits.

The portion of the parliamentary appropriation used to finance the acquisition of capital assets, net of proceeds from disposal, is recorded as contributed capital.

Any balance of the parliamentary appropriation required to finance the loss for the year and not received at the year-end is shown as an amount due from Canada. Any parliamentary appropriation received in excess of requirements is recorded as due to Canada. It is the Corporation's policy to reimburse this amount in the following fiscal year.

(c) Deferred revenues

Leases and licences revenues collected in advance are recorded as deferred revenues.

(d) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreements and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(e) Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the Corporation. Contributions in respect of current service and of admissible past service are expended when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

(f) Expenses

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the Corporation is responsible are included with those for the Champlain Bridge.

3. Abolition of tolls

The Minister of Transport decided to abolish the tolls for the Champlain Bridge from May 4, 1990.

4. Major maintenance

In its endeavour to keep the bridges and the autoroute in a good state of repair, to protect the public and serve traffic needs throughout the useful life of these installations, the Corporation must undertake major repairs, notably on the deck of both bridges. The cost of the repairs to the deck of the Champlain bridge is estimated at more than $44 million. As at March 31, 1992 a cumulative amount of $15 million has been incurred since the beginning of works ($7 million at March 31, 1991). With regard to the repairs to the Jacques Cartier bridge, the urgency and the nature of the work have yet to be defined; it is therefore not possible at this time to assess the cost of the program which will have to be carried out over a number of years. It is expected that the eventual cost of this program will be funded through parliamentary appropriations.

5. Related party transactions

Related party transactions not otherwise disclosed in these financial statements are as follows:

Administrative services from the parent company amounted to $734,320 ($698,290 in 1991). As at March 31, 1992, an unpaid balance thereon of $61,193 ($78 in 1991) is included in the amount due to the parent company. The Corporation estimates the cost of such services for the next year to be approximately $805,000.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Concluded*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

6. Commitments

(a) Leases

The aggregate minimum rental payments under long-term leases for equipment and premises through to April 30, 1997 are approximately $132,000 on an annual basis.

(b) Operation services

The minimum amount which will be paid in future years under an agreement for operation services ending on June 30, 1994 is $2,880,000 on an annual basis.

(c) Suppliers

At March 31, 1992, contractual obligations to suppliers amounted to approximately $24 million.

7. Contingencies

In connection with its operations, the Corporation is the claimant or defendant in certain pending claims and lawsuits. It is the opinion of management that these actions will not result in any material liabilities to the Corporation.

In the course of its major maintenance works, the Corporation has received claims totalling $8 million. It cannot estimate at this time with sufficient precision whether it might be called upon to pay any amount in connection with those claims. No provision has been recorded.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Seaway International Bridge Corporation, Ltd. as at December 31, 1991 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Business Corporations Act, the St. Lawrence Seaway Authority Act, and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 14, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and short-term deposits	1,559,413	548,083
Accounts receivable	30,713	11,214
	1,590,126	559,297
Capital assets (Note 3)		
Cost	783,751	487,368
Less: accumulated amortization	334,217	253,304
	449,534	234,064
	2,039,660	793,361

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable and accrued liabilities	172,168	166,308
Accrued employee termination benefits		64,113
Due to The St. Lawrence Seaway Authority	1,553,009	295,977
Deferred revenue	119,493	48,897
	1,844,670	575,295
Long-term		
Accrued employee termination benefits	178,990	202,066
Debentures payable (Note 4)	8,000	8,000
	186,990	210,066
	2,031,660	785,361
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—An unlimited number of common shares		
Issued and fully paid—8 shares	8,000	8,000
	2,039,660	793,361

Approved by the Board:

G. R. STEWART
President and Director

STANFORD PARRIS
Vice-President and Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Revenues		
Tolls	3,504,690	2,229,623
Rentals	90,182	79,890
Interest	73,823	38,892
Other	5,015	8,736
	3,673,710	2,357,141
Expenses		
Salaries and employee benefits	1,337,692	1,156,909
Professional services	294,606	164,551
Maintenance, materials and services	254,208	199,121
Amortization	90,422	48,653
Employee termination benefits	29,628	49,295
Insurance	27,791	41,183
Advertising, telephone and office supplies	24,392	12,310
Electricity	21,143	18,092
Grants in lieu of municipal taxes	19,013	11,013
Interest and bank charges (Note 5)	6,328	
Travel	6,273	7,253
Relocation		33,138
Other	23,824	13,449
	2,135,320	1,754,967
Excess of revenues over expenses due as bridge user charge (Note 5)	1,538,390	602,174

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Operating activities		
Cash provided from operations		
Excess of revenues over expenses due as bridge user charge	1,538,390	602,174
Items not requiring cash		
Employee termination benefit accruals	29,628	49,295
Amortization	90,422	48,653
	1,658,440	700,122
Payments to The St. Lawrence Seaway Authority for bridge user charge	(262,174)	(446,018)
Payments of employee termination benefits	(120,909)	(125,084)
Change in non-cash working capital items	41,865	(19,560)
	1,317,222	109,460
Investing activities		
Additions to capital assets	(305,892)	(61,792)
Increase in cash	1,011,330	47,668
Cash and short-term deposits, beginning of the year	548,083	500,415
Cash and short-term deposits, end of the year	1,559,413	548,083
Working capital position at year-end		
Current assets	1,590,126	559,297
Current liabilities	1,844,670	575,295
	(254,544)	(15,998)

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991

1. Authority and activities

The Seaway International Bridge Corporation, Ltd. is a Crown corporation pursuant to the Financial Administration Act and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, a parent Crown corporation named in Schedule III Part I of the aforementioned Act. The Corporation was incorporated under the Canada Corporations Act in 1962, continued under the Canada Business Corporations Act, and is subject to The St. Lawrence Seaway Authority Act. Its purpose is to operate and manage the international toll bridge system between Cornwall, Ontario, and Rooseveltown, New York, on behalf of The St. Lawrence Seaway Authority and its U.S. counterpart, the Saint Lawrence Seaway Development Corporation.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

Bridge user charge

As described in Note 5 to the financial statements, the Corporation is required to distribute, as a bridge user charge, its excess of revenues over expenses for the year. The current year excess is included in the "Due to The St. Lawrence Seaway Authority" amount on the balance sheet.

Distribution and amortization are dependent on the Corporation's ability to generate excess revenues. Accordingly, the unamortized balances of the total cost to The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, as set out in Note 5, are not recorded as a liability in the books of the Corporation.

Capital assets and amortization

Capital assets are recorded at cost. These costs include moveable and removable assets acquired to operate the bridge. The cost of the North Channel Bridge is recorded in the books of The St. Lawrence Seaway Authority.

Amortization on these assets is based on their estimated useful life and is calculated on the straight-line method at the following annual rates:

Automotive	20%
Maintenance equipment	10% to 20%
Office and toll equipment	10% to 22.5%
Bridge equipment	5%

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under the conditions of employment. The liability for these benefits is recorded in the accounts as the employees become entitled to the benefits.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. These contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the Supplementary Retirement Benefits Act.

Deferred revenue

Revenue from unredeemed toll tickets is deferred.

Employee life insurance plan

The Corporation provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in revenues and/or expenses in the year in which they occur.

3. Capital assets

	1991			1990
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Automotive	169,321	78,649	90,672	32,890
Maintenance equipment	113,251	84,709	28,542	29,565
Office and toll equipment	456,172	160,857	295,315	139,603
Bridge equipment	40,007	10,002	30,005	32,006
Work-in-progress	5,000		5,000	
	783,751	334,217	449,534	234,064

4. Debentures payable

These debentures, due on December 31, 2012, are non-interest bearing and payable to the Saint Lawrence Seaway Development Corporation.

5. Bridge user charge

By agreement between The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, the annual excess of revenues over expenses of the Corporation is due as a bridge user charge; first, to the Authority to offset the amortization of the cost of the North Channel Bridge together with interest; then to the Saint Lawrence Seaway Development Corporation to offset the amortization of a $300,000 contribution towards the cost of the Raquette River Bridge; and the balance, if any, is then divided equally between both parties.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Concluded*

APPENDIX 2—*Concluded*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1991—*Concluded*

All bridge user charges since the commencement of the Corporation's operations have been paid to The St. Lawrence Seaway Authority. At December 31, the unamortized balance of the total cost of the North Channel Bridge was as follows:

	1991	1990
	$	$
Cost of construction	8,539,695	8,539,695
Interest	2,569,652	2,569,652
	11,109,347	11,109,347
Less: bridge user charges		
Beginning of year	6,488,746	5,886,572
Current year charge	1,538,390	602,174
End of year	8,027,136	6,488,746
Unamortized balance	3,082,211	4,620,601

There is no interest charged on the unamortized balance of the Bridge User Charge. However, interest is charged on any current year charge which is overdue. Interest charged on overdue balances was $5,328 in 1991 (nil in 1990).

6. Bridge use

With the approval of the National Transportation Agency of Canada, the Corporation continues the practice of providing free usage of the bridge system to certain North American Indians. This represents a substantial portion of the Bridge traffic.

7. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, administrative support and certain engineering services are provided by the St. Lawrence Seaway Authority. Administrative support services are provided free of charge. The charge for engineering services amounted to $66,275 for 1991. These services were provided free of charge in prior years. The Corporation also enters into various other transactions with the Government of Canada, its agencies and other Crown corporations, in the normal course of business.

STANDARDS COUNCIL OF CANADA

REPORT OF MANAGEMENT ACCOUNTABILITY

The accompanying financial statements and all information in the Annual Report are the responsibility of Council and its officers. The financial statements were prepared by management in conformity with generally accepted accounting principles appropriate to Council's operations. The non-financial information provided in the Annual Report has been selected on the basis of its relevance to the Council's objectives.

Council maintains a system of financial and management controls and procedures designed to provide reasonable assurance that the transactions undertaken by the Council are in accordance with its objectives and within its mandate as stated in the Standards Council of Canada Act.

The Auditor General annually provides an independent, objective review of the financial records to determine if the financial statements report fairly the operating results and financial position of the Council in accordance with generally accepted accounting principles.

Council, through its Audit Committee, is responsible for reviewing management's financial and reporting practices. The Audit Committee, comprised solely of Council members, meets with management and the Auditor General to satisfy itself that these responsibilities are properly discharged by management.

Georges Archer
President

June 1992

AUDITOR'S REPORT

TO THE MINISTER OF CONSUMER AND CORPORATE AFFAIRS

I have audited the balance sheet of Standards Council of Canada as at March 31, 1992 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Standards Council of Canada Act and by-laws of the Council.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 15, 1992

BALANCE SHEET MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	679,057	642,246
Accrued interest	3,555	6,669
Accounts receivable		
Federal government departments	203,840	202,762
Other	354,744	282,696
Parliamentary appropriation receivable	815,670	415,817
Inventory of foreign standards	42,334	57,261
Prepaid expenses	243,171	322,158
	2,342,371	1,929,609
Capital		
Office furniture and equipment (Note 3)	249,535	155,971
	2,591,906	2,085,580

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	1,078,865	656,537
Customer and other deposits	82,241	65,857
Deferred revenue	53,612	110,795
	1,214,718	833,189
Long-term		
Provision for employee severance benefits	320,246	268,297
	1,534,964	1,101,486
EQUITY OF CANADA		
Retained earnings	1,056,942	984,094
	2,591,906	2,085,580

Approved by the Council:

GEORGES ARCHER
President

JOHN WOODS
Executive Director

STANDARDS COUNCIL OF CANADA—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Expenses		
Salaries and employee benefits	3,311,419	2,954,512
Travel	999,496	922,701
Memberships in international organizations	829,213	810,932
Direct cost of standards sold	760,469	767,608
Publications and printing	669,974	724,676
Office accommodation	489,784	467,734
Professional and special services	282,629	175,153
Telephone and postage	267,109	259,993
Exchange of national standards	233,500	365,334
Public relations	105,655	91,093
Amortization of office furniture and equipment	86,085	104,649
Rental of office equipment	81,650	57,014
Office supplies	77,584	43,119
Meetings	66,178	53,860
Other	247,543	203,542
	8,508,288	8,001,920
Less: GATT Enquiry Point/Europe 1992 expenses recoverable from Department of External Affairs	477,430	473,357
Development assistance programmes expenses recoverable from Canadian International Development Agency (CIDA)	7,074	25,984
	8,023,784	7,502,579
Revenues		
Sales of standards	1,461,139	1,392,364
Accreditation fees	519,700	136,310
Interest income	43,756	71,365
Other	52,367	38,577
	2,076,962	1,638,616
Cost of operations	5,946,822	5,863,963
Parliamentary appropriation		
Consumer and Corporate Affairs Vote 40 (1991—Vote 35)	6,019,670	5,950,817
Excess of parliamentary appropriation over cost of operations for the year	72,848	86,854

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	984,094	897,240
Excess of parliamentary appropriation over cost of operations for the year	72,848	86,854
Balance at end of the year	1,056,942	984,094

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Operating activities		
Excess of parliamentary appropriation over cost of operations for the year	72,848	86,854
Items not requiring an outlay of cash		
Amortization of office furniture and equipment	86,085	104,649
Employee severance benefits accrued	57,368	33,963
Amortization charges recovered from GATT Enquiry Point		24,000
	216,301	249,466
Payment of employee severance benefits	(5,419)	(8,157)
Changes in current liabilities and current assets other than cash	5,578	(101,805)
Cash provided by operating activities	216,460	139,504
Investing activities		
Purchase of office furniture and equipment	(179,649)	(55,194)
Increase in cash during the year	36,811	84,310
Cash at beginning of the year	642,246	557,936
Cash at end of the year	679,057	642,246

STANDARDS COUNCIL OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Authority, objectives, and programmes

The Standards Council of Canada was created by Parliament as a corporation under the Standards Council of Canada Act in 1970 to be the national coordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Council carries out its task through the National Standards System, a federation of accredited organizations concerned with standards writing, certification, testing, and quality systems registration.

The objectives of the Council are to foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance, and safety of buildings, structures, manufactured articles, and products and other goods, and to further international cooperation in the field of standards.

The Council's activities and programmes are centred around six broad areas:

- Accrediting organizations in Canada and the United States involved in standards writing, certification, testing, and quality systems registration;
- representing Canada's interests internationally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Pacific-Area Standards Conference (PASC), and the Pan-American Standards Commission (COPANT);
- coordinating and approving the development of National Standards of Canada;
- serving as the focal point for enquiries on the subject of standardization for both domestic and international activities and standards;
- fostering and promoting the understanding, benefits, and usage of standards in all aspects of economic activity both nationally and internationally;
- serving as the repository and focal point for national and international standards for distribution to Canadian industry.

2. Significant accounting policies

(a) Office furniture and equipment

Office furniture and equipment are recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Furniture	5 years
Equipment	4 years

(b) Inventory

Inventory of foreign standards is valued at the lower of cost or replacement cost.

(c) Prepaid expenses

Annual membership fees paid to ISO and EIC for periods extending beyond the fiscal year are recorded as prepaid expenses.

(d) Recoverable expenses

Recoveries of expenses in respect of agreements for the operation of the GATT Enquiry Point/Europe 1992, and for development assistance programmes are recognized at the time the expenses are incurred.

(e) Revenues and deferred revenue

Revenues are recorded on an accrual basis in the year in which they are earned. Amounts invoiced for accreditation services which have not been rendered are deferred and the revenue recorded as the services are provided.

(f) Parliamentary appropriation

Parliamentary appropriation is recorded on an accrual basis in the year in which the corresponding expenses are incurred but is drawn upon only as cash disbursements are made.

(g) Employee severance benefits

Employees are entitled to specified benefits on termination as provided for under terms and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(h) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Council's contributions to the Plan are limited to matching the employee's contributions for current service. These contributions are expensed during the year in which services are rendered and represent the total pension obligations of the Council.

3. Office furniture and equipment

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture	215,963	146,656	69,307	26,471
Office equipment	801,977	621,749	180,228	129,500
	1,017,940	768,405	249,535	155,971

4. Lease commitment

The Council is leasing office space at its present location for a ten year term which expires in May 2002. The future minimum annual rental under this agreement is $410,810 for years one to five, and $416,008 for years six to ten.

5. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business.

TELEGLOBE CANADA

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of Teleglobe Canada as at December 31, 1991 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Teleglobe Canada Act and regulations, the by-laws of the corporation and the Teleglobe Canada Reorganization and Divestiture Act.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 20, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991

ASSETS	1991	1990
	$	$
Current		
Cash and temporary investments, at cost	277,045	301,458
Accrued interest	2,025	2,755
Income tax recoverable	9,080	4,571
	288,150	308,784

LIABILITIES	1991	1990
	$	$
Current		
Accounts payable	7,700	20,546
EQUITY OF CANADA		
Retained earnings	280,450	288,238
	288,150	308,784

Approved by the Board:

JACQUES DE COURVILLE NICOL
Director

RONALD MONTCALM
Director

TELEGLOBE CANADA—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Interest income	23,658	37,351
Administration expenses	36,455	47,896
Loss before income tax recovery	(12,797)	(10,545)
Income tax recovery	5,009	4,071
Net loss	(7,788)	(6,474)
Retained earnings at beginning of year	288,238	294,712
Retained earnings at end of year	280,450	288,238

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
	$	$
Cash used in operations		
Net loss	(7,788)	(6,474)
Change in non-cash working capital items	(16,625)	(2,896)
	(24,413)	(9,370)
Cash and temporary investments		
Decrease	(24,413)	(9,370)
Balance at beginning of year	301,458	310,828
Balance at end of year	277,045	301,458

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1991

1. Authority and activities

Teleglobe Canada is a Crown corporation created by the Teleglobe Canada Act and named in Part II of Schedule III to the Financial Administration Act. The corporation is subject to federal income tax.

Since the sale of its assets to Memotec Data Inc. (now Teleglobe Inc.) on April 3, 1987, following the adoption of the Teleglobe Canada Reorganization and Divestiture Act, the corporation's activities consist of the management of its cash resources and the performance of other duties and functions leading to dissolution. The foregoing Act stipulates that on dates to be fixed by proclamation, the corporation's name will be changed to TH (1987) and it will be wound up.

2. Guarantees

As at December 31, 1991, the corporation is guarantor of the following obligations of Teleglobe Canada Inc., towards one of its suppliers:

Maturities	Amounts in pounds sterling
May 16, 1992	2,127,746
November 16, 1992	2,047,462
May 16, 1993	1,963,117
	6,138,325

Based on the exchange rate at December 31, 1991, this amount represents 13,253,258 Canadian dollars.

Arrangements have been made with this supplier and its bankers for the Government of Canada to assume these guarantees in the event of the dissolution of the corporation.

VANCOUVER PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Vancouver Port Corporation as at December 31, 1991 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations and the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Vancouver, Canada
February 5, 1992

BALANCE SHEET AS AT DECEMBER 31, 1991
(in thousands of dollars)

ASSETS	1991	1990
Current assets		
Cash	980	529
Investments (Note 2)	95,811	89,123
Accounts receivable	11,687	9,387
Materials and supplies	361	364
	108,839	99,403
Long-term receivables (Note 3)	8,273	6,264
Property and equipment (Note 4)	201,605	202,214
	318,717	307,881

LIABILITIES	1991	1990
Current liabilities		
Accounts payable and accrued liabilities	7,695	3,639
Special payment to Canada (Note 7)		17,865
Grants in lieu of municipal taxes	8,692	4,631
Deferred revenues	3,401	2,890
	19,788	29,025
Accrued employee benefits	1,463	1,427
Loan from Canada (Note 5)	2,990	3,256
	24,241	33,708
EQUITY OF CANADA		
Contributed capital	88,273	88,273
Retained earnings	206,203	185,900
	294,476	274,173
Contingencies (Note 6)		
Commitments (Note 8)		
	318,717	307,881

See accompanying notes to financial statements.

On behalf of the Board:

PATRICK REID
Chairman

COLIN B. WARNER
Director

VANCOUVER PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Operating revenue	61,089	57,904
Expenses		
Operating and administrative expenses	27,656	24,231
Grants in lieu of municipal taxes	6,278	5,926
Depreciation	8,439	7,864
	42,373	38,021
Income from operations	18,716	19,883
Investment income	8,247	10,644
Interest expense	(263)	(297)
	7,984	10,347
Income before unusual item	26,700	30,230
Adjustment of grants in lieu of municipal taxes	2,322	
Net income	29,022	30,230
Retained earnings, beginning of year	185,900	199,557
	214,922	229,787
Special payment to Canada (Note 7)		(35,730)
Dividend payment to Canada	(8,719)	(8,157)
Retained earnings, end of year	206,203	185,900

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1991
(in thousands of dollars)

	1991	1990
Cash provided by (used for)		
Operations		
Net income	29,022	30,230
Items not involving cash		
Depreciation	8,439	7,864
Other	101	328
Changes in non-cash operating working capital	(11,535)	15,826
	26,027	54,248
Financing		
Loan from Canada currently payable	(266)	(248)
Dividend payment to Canada	(8,719)	(8,157)
Special payment to Canada (Note 7)		(35,730)
	(8,985)	(44,135)
Investments		
Additions to property and equipment	(7,988)	(11,021)
Other	(1,915)	492
	(9,903)	(10,529)
Increase (decrease) in cash and investments	7,139	(416)
Cash and investments, beginning of year	89,652	90,068
Cash and investments, end of year	96,791	89,652

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991

The Vancouver Port Corporation was established effective July 1, 1983 as a local port corporation pursuant to the Canada Ports Corporation Act and is a parent Crown corporation named in Schedule III, Part II of the Financial Administration Act. The Corporation is exempt from income taxes.

The Corporation's mission is "to facilitate the efficient movement of maritime exports and imports through the Port of Vancouver in the best interest of Canadians, and, in so doing, provide a gateway to world trade—in particular the Pacific Rim—which customers are eager to use and which has wide public support".

1. Significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and consistently applied. A summary of the significant accounting policies of the Corporation is as follows:

(a) Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Dredging	15 to 40 years
Berthing structures, buildings, roads and surfaces	10 to 40 years
Utilities	10 to 33 years
Machinery and equipment	1 to 20 years
Office furniture and equipment	5 years

(b) Pension costs

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. Although the Plan is a defined benefit plan, the contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

(c) Grants in lieu of municipal taxes

Grants in lieu of municipal taxes are estimated based on municipal assessments adjusted in accordance with the Municipal Grants Act. After the amounts have been audited by the Municipal Grants Division of Public Works Canada, any adjustments upon finalization are reflected in the accounts in the period of settlement.

(d) Employee benefits

The Corporation accrues estimated liabilities for severance pay and annual leave. These benefits are provided under collective agreements and corporate policy.

2. Investments

Current investments are in Government of Canada treasury bills and at December 31, 1991 and 1990 the market value of the treasury bills approximated carrying value.

VANCOUVER PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1991—*Concluded*

3. Long-term receivables

	1991	1990
	(in thousands of dollars)	
Non-interest-bearing agreement with B.C. Rail, due as and when rail trackage is constructed on Roberts Bank causeway or April 1, 1994, whichever is earlier	3,947	3,947
Long-term agreement for sale of No. 1 Elevator, bearing interest at 6 5/8% per annum, receivable in blended annual instalments of $462,916, maturing December 31, 1996	1,917	2,232
Less current portion	(336)	(315)
	1,581	1,917
Long-term agreement for sale of No. 3 Elevator, bearing interest at 5 3/4% per annum, receivable in annual instalments of $117,720 plus interest, maturing August 1, 1994	353	471
Less current portion	(117)	(118)
	236	353
Receivable for grants in lieu of municipal taxes	1,575	
Advances for fire protection services	675	
Other	259	47
	8,273	6,264

Current portion is reflected in accounts receivable.

4. Property and equipment

	1991			1990
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	77,534		77,534	77,224
Dredging	366	225	141	153
Berthing structures	61,820	28,426	33,394	34,346
Buildings	49,316	13,151	36,165	37,267
Utilities	15,955	7,540	8,415	8,427
Roads and surfaces	34,681	22,085	12,596	13,382
Machinery and equipment	42,765	16,715	26,050	27,196
Office furniture and equipment	3,745	2,603	1,142	1,146
Projects under construction	6,168		6,168	3,073
	292,350	90,745	201,605	202,214

5. Loan from Canada

	1991	1990
	(in thousands of dollars)	
Interest-bearing loan at 7.5%, repayable in blended annual instalments, maturing December 31, 2000	3,256	3,504
Less current portion (included with accounts payable)	(266)	(248)
	2,990	3,256

Principal repayment requirements over the next five years are as follows:

	(in thousands of dollars)
1992	266,000
1993	286,000
1994	308,000
1995	331,000
1996	355,000
	1,546,000

6. Contingencies

(a) At December 31, 1991, the Corporation had claims from municipalities for grants in lieu of taxes of approximately $10.2 million greater than the amount accrued in the financial statements.

(b) Over a period of years, the Corporation has recorded revenues on certain leases which continue to be unresolved.

(c) There are estimated claims against the Corporation for approximately $9 million plus unspecified damages. In the opinion of the Corporation, the likelihood of these claims succeeding is not determinable. The effect, if any, of the ultimate resolution of this matter will be accounted for as a prior period adjustment when known.

7. Related party transactions

In addition to the loan from Canada disclosed in Note 4, the Corporation paid $2,055,000 (1990—$1,961,000) to Canada Ports Corporation as its share of that Corporation's operating expenses.

The Corporation received notice during the year from Canada Ports Corporation requiring it to make payments totalling $35.73 million as part of the Federal Government's deficit reduction program announced in the February 20, 1990 budget. Half of this amount was paid in 1990, and the remainder was paid in early 1991.

8. Commitments

Contractual obligations for the completion, construction and purchase of property and equipment as at December 31, 1991 are estimated at $17.2 million.

VIA RAIL CANADA INC.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of VIA Rail Canada Inc. as at December 31, 1991 and the statements of operations and reconciliation to government funding basis, deficit, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations and the charter and by-laws of the corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 14, 1992

BALANCE SHEET AS AT DECEMBER 31
(in thousands of dollars)

	1991	1990
Current assets		
Cash and term deposits (Note 3)	7,652	7,885
Accounts receivable	12,624	5,340
Receivable from the Government of Canada	149,286	157,483
Materials and supplies	30,479	40,607
	200,041	211,315
Long-term assets		
Investment (Note 4)	2,001	2,001
Properties (Note 5)	712,201	718,504
	714,202	720,505
	914,243	931,820

	1991	1990
Current liabilities		
Accounts payable and accrued liabilities	171,440	193,883
Deferred revenue	3,562	3,482
	175,002	197,365
Long-term liabilities		
Network restructuring (Note 6)	64,761	60,383
Deferred investment tax credits	9,530	10,643
	74,291	71,026
SHAREHOLDER'S EQUITY		
Share capital (Note 7)	9,300	9,300
Contributed surplus	746,311	752,346
Deficit	(90,661)	(98,217)
	664,950	663,429
	914,243	931,820

See accompanying notes to financial statements.

Signed on behalf of the Board:

GARY T. BRAZZELL
Director and Chairman of the Audit Committee

LAWRENCE HANIGAN
Director and Chairman of the Board

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF OPERATIONS AND RECONCILIATION TO GOVERNMENT FUNDING BASIS YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990
Revenue		
Passenger	144,371	139,000
Contract with Government of Canada	328,004	350,324
Other	5,780	3,762
	478,155	493,086
Expense		
Operations and maintenance	281,720	304,862
Customer and support services	152,679	142,567
General and administrative	46,553	47,232
Amortization	42,616	45,163
	523,568	539,824
Excess of expense over revenue before network restructuring and income taxes	45,413	46,738
Adjustments to the estimated cost of network restructuring (Note 6)	17,461	(14,875)
Network restructuring recovery	(24,696)	(59,676)
Excess of revenue over expense (expense over revenue) before income taxes	(38,178)	27,813
Income taxes	404	1,437
Excess of revenue over expense (expense over revenue)	(38,582)	26,376
Reconciliation to government funding basis		
Items not requiring (providing) current operating funds		
Amortization and losses on properties	46,103	47,963
Network restructuring	(7,235)	(74,551)
	38,868	(26,588)
Surplus (deficit) for the year	286	(212)

See accompanying notes to financial statements.

STATEMENT OF DEFICIT YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990
Balance at beginning of the year	98,217	166,058
Deficit (surplus) for the year	(286)	212
Items not requiring (providing) current operating funds	38,868	(26,588)
Transfer from contributed surplus	(46,138)	(41,465)
Balance at end of the year	90,661	98,217

See accompanying notes to financial statements.

STATEMENT OF CONTRIBUTED SURPLUS YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990
Balance at beginning of the year	752,346	762,328
Capital funding from the Government of Canada	40,103	31,483
Transfer to deficit	(46,138)	(41,465)
Balance at end of the year	746,311	752,346

See accompanying notes to financial statements.

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1991	1990
Cash provided by (used in) operating activities		
Excess of revenue over expense (expense over revenue)	(38,582)	26,376
Non-cash charges (credits) to operations		
Amortization of properties	43,729	46,075
Losses on write-off, retirement and disposal of properties	2,374	1,888
Amortization of investment tax credits	(1,113)	(912)
Write-down of properties and related investment tax credits (adjustment)	35	(6,498)
Changes in working capital items		
Accounts receivable	(7,284)	4,477
Receivable from the Government of Canada	18,800	(11,349)
Materials and supplies	10,128	(3,391)
Accounts payable and accrued liabilities	(30,166)	(17,325)
Deferred revenue	80	(661)
Long-term liabilities		
Network restructuring	4,378	(50,196)
	2,379	(11,516)
Cash provided by (used in) financing activities		
Capital funding from the Government of Canada	40,103	31,483
Change in amount receivable from the Government of Canada	(10,603)	(1,483)
	29,500	30,000
Cash provided by (used in) investment activities		
Properties	(40,103)	(31,483)
Proceeds from sale of surplus properties	268	2,309
Changes in accounts payable and accrued liabilities	7,723	4,938
	(32,112)	(24,236)
Cash and term deposits		
Decrease during the year	(233)	(5,752)
Balance at beginning of the year	7,885	13,637
Balance at end of the year	7,652	7,885

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991

1. Authority and objectives

VIA Rail Canada Inc. is a Crown corporation named in Part I of Schedule III to the Financial Administration Act. It was incorporated in 1977 under the Canada Business Corporations Act. The corporation's mission is to manage and provide safe, efficient, effective and economic rail passenger services in Canada to meet the needs of the travelling public. It uses the roadway infrastructure of other railway companies which also assure the control of train operations.

The corporation is not an agent of Her Majesty. It is subject to the Income Tax Act (Canada) and those of certain provinces.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The significant accounting policies followed by the corporation are summarized as follows:

(a) Government funding

Contract revenue, which pertains to services, activities and other undertakings provided by the corporation for the management and operation of railway passenger services in Canada, is recorded in the statement of operations on a realized and estimated basis. Any changes in estimates are accounted for in the year of change.

Any contract revenue from the Government of Canada to cover the costs of the network restructuring is recorded as a recovery in the statement of operations in the year in which the disbursements are made.

Funding received as financing for capital expenditures is recorded as contributed surplus.

(b) Charges under train service agreements

Effective January 15, 1990, the corporation entered into train service agreements and other agreements with Canadian Pacific Limited for the use of tracks and train personnel, control of train operations and rolling stock maintenance. It also entered into a train service and other agreements with Canadian National Railway Company effective January 1, 1989 to cover services provided by the latter. Charges under these agreements are not subject to adjustment by the National Transportation Agency.

Prior to these agreements, the corporation had an operating agreement with each of Canadian Pacific Limited and Canadian National Railway Company. The terms of these agreements are still in effect with respect to certain station facilities and ancillary services which are not yet covered by specific successor agreements. Charges under these operating agreements are subject to adjustment by the National Transportation Agency following a determination of the actual costs incurred each year using railway costing methodology approved by the National Transportation Agency. Charges for the years 1989, 1990 and 1991 have not yet been finalized.

Charges under these agreements are recorded on an incurred and estimated basis; any changes in estimates are accounted for in the year of change.

(c) Materials and supplies

Materials in store and on-board inventories are valued at weighted average cost, fuel at latest invoice price, and obsolete, surplus and scrap materials at estimated utility or net realizable value.

VIA RAIL CANADA INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Continued*

(d) Properties

Properties acquired from other railway companies at the start of operations in 1978 were recorded at the net transfer values. Subsequent additions, including those acquired under capital leases, are recorded at cost.

The costs of refurbishing and rebuilding rolling stock and costs associated with other property upgrading are capitalized if they are incurred to improve the service values or extend the useful lives of the properties concerned; otherwise, they are expensed as incurred.

(e) Amortization of properties

Amortization of properties is calculated on a straight-line basis at rates sufficient to write off the cost of properties, less their residual value, over their estimated useful lives. The estimated useful lives for significant classes of properties are as follows:

Rolling stock	12 to 30 years
Maintenance buildings	25 years
Infrastructure improvements	5 to 38 years
Leasehold improvements	5 to 20 years
Other capital properties	3 to 20 years

No amortization is provided for projects in progress and retired rolling stock.

(f) Leases

Properties recorded under capital leases are amortized on a straight-line basis over the terms of the leases, which are representative of their useful lives.

Rental payments under operating leases are expensed as incurred.

(g) Income taxes

Government funding provided to the corporation to cover operating costs is determined on the basis of current needs. For this reason, income taxes are accounted for on the taxes payable basis as there is a reasonable expectation that all taxes payable in future years will be included in the approved formula for reimbursement and will be recoverable at that time.

(h) Deferred investment tax credits

Investment tax credits are deferred and amortized over the estimated useful lives of the related properties. The amortization of deferred investment tax credits is recorded as a reduction of the amortization of properties.

(i) Pension plans

The corporation has two contributory defined benefit pension plans, based on retirement age, compensation and length of service, covering all its permanent employees.

The cost to the corporation thereunder is determined by actuarial valuations which allocate to each year the accrued portion, prorated on employee's services, of the benefits based on projections of employees' compensation levels to the time of their retirement.

Pension expense includes both the cost of benefits attributable to services rendered during the current year, the amortization of any unfunded liability in respect of past services and the amortization of experience gains and losses. These amortizations are calculated over the expected average remaining service lives of the active employee groups.

(j) Employee termination and special benefits

The cost of employee termination and special benefits provided for under labour agreements and special programmes is expensed in the year in which they are granted.

3. Cash and term deposits

The corporation has been authorized to segregate proceeds from the sale of surplus assets in a manner which ensures that these funds are retained for future capital projects. The Treasury Board approved the utilization of these funds in support of the corridor equipment renewal proposal. The total amount of these funds as at December 31, 1991 was $3.1 million (1990—$2.4 million).

4. Investment

The corporation owns 4% of the common shares of Railroad Association Insurance, Ltd. (R.A.I.L.), which are recorded at cost. The book value of the shares, per the financial statements of R.A.I.L. as at November 30, 1991 was $5.6 million (1990—$4.9 million).

5. Properties

	1991			1990
	Cost	Accumulated amortization	Net	Net
	(in millions of dollars)			
Land	2.8		2.8	2.8
Rolling stock	500.1	182.5	317.6	316.2
Maintenance buildings	215.1	50.9	164.2	172.5
Stations and facilities	19.2	4.0	15.2	15.0
Infrastructure improvements	78.6	13.9	64.7	66.7
Leasehold improvements	75.0	28.5	46.5	49.7
Machinery and equipment	22.8	12.5	10.3	12.1
Office furniture and equipment	28.7	24.3	4.4	5.2
Information systems and others	53.6	49.4	4.2	3.9
	995.9	366.0	629.9	644.1
Projects in progress			76.5	68.6
Retired rolling stock			5.8	5.8
			712.2	718.5

VIA RAIL CANADA INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Continued*

At December 31, 1991 the gross value of assets under capital leases included above was $5.8 million (1990—$5.9 million) and related accumulated amortization thereon amounted to $3.1 million (1990—$3.0 million).

The infrastructure improvements include the Ottawa-Brockville improvement project at a cost of $31 million.

The leasehold improvements include the Gare du Palais improvement project at a cost of $27 million.

6. Network restructuring

On October 4, 1989, the corporation approved a plan for the restructuring of its transportation network whereby its operations were significantly reduced effective January 15, 1990. As a result, certain properties became surplus to ongoing needs and will be disposed of by December 1992, while employee terminations and reassignments took place mainly in 1990 with certain initiatives to take place in future years.

The adjustments to the cost of the network restructuring, based on management's best estimates, have been as follows:

	1991	1990
	(in millions of dollars)	
Employee terminations and special benefits[1]	17.3	(7.9)
Loss on write-down of properties[2]		(6.5)
Other costs[3]	0.1	(0.5)
	17.4	(14.9)

(1) Severance payments and employment security benefits governed by labour agreements and special programmes which may extend to the year 2000.

(2) Surplus properties that have been written down to their estimated salvage values.

(3) Lease cancellation penalties, inventory provisions and other costs.

The 1991 adjustment is caused mainly by an increase in the estimated duration of the maintenance of earnings benefits as well as the addition of the labour assistance program liability.

7. Share capital

The authorized share capital of the corporation is comprised of an unlimited number of common shares of no par value. As at December 31, 1991 and 1990, 93,000 shares at $100 per share have been issued and fully paid.

8. Commitments

(a) The future minimum rental payments relating to operating leases mainly for real estate, computer equipment and services are as follows:

	(in millions of dollars)
1992	13.9
1993	11.2
1994	12.4
1995	10.2
1996	9.7
Subsequent years up to 2034	223.8
	281.2

(b) There are no obligations under capital leases as lease payments applicable to the initial terms were paid in lump sums at the inception of the leases.

(c) As at December 31, 1991, the corporation has outstanding commitments amounting to $79.8 million (1990—$64.8 million), mainly in respect of upgrading rolling stock and equipment.

(d) The corporation has entered into crude oil future contracts for $1.4 million at December 31, 1991, as a means of stabilizing the price of fuel purchases.

9. Pension plans

The latest actuarial valuations of the pension plans were carried out by an external actuary, member of the Canadian Institute of Actuaries, as at December 31, 1990. Based on these valuations and actuarial projections made for 1991, the accumulated plan benefits as at December 31, 1991 are $722 million which includes $57 million of unfunded benefits. The net assets available to provide for these benefits at market related values as at that date amount to $665 million.

Using the method identified in the pension plans accounting policy (Note 2i), the pension expense for 1991 was $15.7 million (1990—$15.4 million) and includes amortization of past service costs and experience gains and losses. These amounts are being amortized on a straight-line basis over a period of 15 years.

VIA RAIL CANADA INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1991—*Concluded*

10. Related party transactions

In the normal course of business, transactions with other Crown corporations amounted to:

	1991	1990
	(in millions of dollars)	
Revenue	6.0	5.1
Operating expense	72.6	82.8
Capital expenditures	14.5	21.3
Balance payable	44.2	52.7

In addition to these related party transactions and those disclosed elsewhere in the financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments and agencies. The corporation enters into transactions with these entities in the normal course of business.

11. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the corporation. It is the opinion of management that the settlement of these actions will not result in any material liabilities to the corporation beyond any amounts already provided.

PART V

OTHER CORPORATE INTERESTS OF CANADA

Part V — Other Corporate Interests of Canada

Table of Contents

Part V - Page

Introduction

Part V of this Annual Report presents lists of the other corporate interests of which any shares are held by, on behalf of, or in trust for the Crown. For each of these entities, general descriptive information is provided. Part V responds to section 151(3)(a) of the *Financial Administration Act* and consists of two sections:

1. Listings of the Other Corporate Interests of Canada

   1.1 Statistical Summary—presents the numbers of: joint and mixed enterprises, other entities, and international organizations as at March 31, 1992 in comparison with March 31, 1991.

   The Listings are grouped as:

   1.2 Joint and Mixed Enterprises—corporate entities whose shares are partially owned by Canada, through a Minister. The balance of shares is owned by another level of government for joint enterprises or by private sector parties for mixed enterprises.

   1.3 Other Entities—corporate entities in which Canada holds no shares but, either directly or through a Crown corporation, has a right pursuant to statute, articles of incorporation, letters patent or by-law, to appoint or nominate one or more members to the board of directors or similar governing body.

   1.4 International Organizations—corporate entities created pursuant to international agreements by which Canada has a right to appoint or elect members to a governing body.

   1.5 Changes to the Listings—presents the names of the other corporate interests of Canada deleted or added to the listings since the last Annual Report as at March 31, 1991.

2. Information about the Other Corporate Interests of Canada

General background information for each of the joint and mixed enterprises, other entities, and international organizations, is presented on Tables 2.1 to 2.3. These individual descriptions include: the federal ownership percentage based on the number of votes, the address of the entity's head office, the responsible Minister, the statutory authority, the year of incorporation, the fiscal year-end, the financial position, the name of the auditor and a brief overview of the organization's mandate along with the government's objective for the investment. Readers may obtain additional information for any specific entity by referring to its statutory authority, its annual report or by contacting the corporation directly.

1. Listings of the Other Corporate Interests of Canada

1.1 Statistical Summary of the Other Corporate Interests of Canada as at March 31.

	1992	1991
Joint and Mixed Enterprises	12	22
Other Entities	50	46
International Organizations	15	14

1.2 Listing of Joint and Mixed Enterprises (*as at March 31, 1992*)

These are enterprises whose shares are partly owned by Canada, in conjunction with other levels of government or with private sector parties to further common objectives. Their subsidiaries and associates are not listed. Table 2.1 provides additional information about each of these corporate interests of Canada.

1. Canarctic Shipping Company Limited
2. Cooperative Energy Corporation[1]
3. Lower Churchill Development Corporation Limited
4. National Sea Products Limited
5. North Portage Development Corporation
6. NPM Nuclear Project Managers Canada Inc.
7. Petro-Canada
8. Société du parc industriel et portuaire Québec-sud
9. Telesat Canada[2]

Under terms of the *Bankruptcy Act*, the Superintendent of Bankruptcy has received shares in the following corporations:

10. Blake Resources
11. Gemini Technology Inc.
12. Solid Gold Capital Corp.

[1] The 1992 Federal Budget announced the Government's intention to privatize the operating subsidiary of this corporation, Co-enerco Resources Ltd. On September 26, 1992, the Cooperative Energy Corporation announced the sale of 58% of its shares in Co-enerco Resources Ltd.

[2] The Government sold its interest in Telesat Canada to Alouette Telecommunications Inc., in April 1992. Thus, Telesat will not appear as a mixed enterprise in this report next year.

1.3 Listing of Other Entities (*as at March 31, 1992*)

These are corporate entities without share capital for which the Government of Canada has a right to appoint members to the boards of directors or similar governing bodies. The Harbour Commissions are grouped at the foot of this list. Table 2.2 provides additional information about these corporate interests of Canada.

1. Army Benevolent Fund
2. Asia-Pacific Foundation of Canada
3. Association for the Export of Canadian Books
4. Blue Water Bridge Authority
5. Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children
6. Buffalo and Fort Erie Public Bridge Authority
7. Calgary Olympic Development Association
8. Canada Grains Council
9. Canadian Centre on Substance Abuse
10. Canadian Fitness and Lifestyle Research Institute
11. Canadian International Grains Institute
12. Canadian Livestock Records Corporation
13. Canadian Sport and Fitness Administration Centre, Inc.
14. Coaching Association of Canada
15. Focus on Active Living '92
16. Forest Engineering Research Institute of Canada
17. Forintek Canada Corporation
18. International Centre for Human Rights and Democratic Development
19. International Fisheries Commissions Pension Society
20. Kamloops 1993 Canada Games Society
21. Last Post Fund
22. Maritime Forestry Complex Corporation
23 Medical Council of Canada
24. National Community Tree Foundation
25. Nature Trust of British Columbia, The
26. Northern Native Fishing Corporation
27. PARTICIPaction
28. POS Pilot Plant Corporation

29. Pulp and Paper Research Institute of Canada
30. Roosevelt Campobello International Park Commission
31. Saint John Harbour Bridge Authority
32. Sport Information Resource Centre
33. Terry Fox Humanitarian Award Inc.
34. Vanier Institute of the Family, The
35. Western Grains Research Foundation
36. Wildlife Habitat Canada
37. 1995 Canada Winter Games Host Society, The
38. 1995 World Nordic Championships Organizing Committee
39. 1994 Victoria Commonwealth Games Host Society
40. 1991 Canada Games Foundation (P.E.I.) Inc., The
41. 1989 Jeux Canada Games Foundation Inc.

Harbour Commissions:

42. Fraser River Harbour Commission
43. Hamilton Harbour Commissioners, The
44. Nanaimo Harbour Commission
45. North Fraser Harbour Commission
46. Oshawa Harbour Commission
47. Port Alberni Harbour Commission
48. Thunder Bay Harbour Commission
49. Toronto Harbour Commissioners, The
50. Windsor Harbour Commission

1.4 Listing of International Organizations (*as at March 31, 1992*)

Corporate entities created pursuant to international agreements where Canada has a right to appoint or elect members to a governing body. Table 2.3 provides additional information about these corporate interests of Canada.

1. African Development Bank
2. African Development Fund
3. Asian Development Bank
4. Caribbean Development Bank
5. Commonwealth War Graves Commission
6. European Bank for Reconstruction and Development
7. Inter-American Development Bank
8. International Bank for Reconstruction and Development
9. International Boundary Commission
10. International Development Association
11. International Finance Corporation
12. International Fund for Agricultural Development
13. International Monetary Fund
14. International Porcupine Caribou Board
15. Multilateral Investment Guarantee Agency

1.5 Changes to the Listings During the Year ended March 31, 1992

Joint and Mixed Enterprises (listing 1.2)

Added to the Listing:
- Gemini Technology Inc.
- Petro-Canada
- Solid Gold Capital Corp.

Deleted from the Listing:
- Aurora Gold Ltd.
- Braeswood Explorations Limited
- Carolin Mines Ltd.
- Equity Capital Investments Ltd.
- Havelock Energy & Resources Inc.
- House of Brougham Ltd.
- International Datacasting Corporation
- International Hydrodynamics Co. Ltd.
- Magnus Aerospace Corporation
- Mission River Petroleum Ltd.
- North Slope Refiners Inc.
- Totran Services Ltd.
- Vercan Investments Inc.

Other Entities (listing 1.3)

Added to the Listing:
- Focus on Active Living '92
- National Community Tree Foundation
- Sport Information Resource Centre
- Wildlife Habitat Canada
- 1991 Canada Games Foundation (P.E.I.) Inc.

Deleted from the Listing:
- 1991 Canada Games Society (P.E.I.) Inc.

International Organizations (listing 1.4)

Added to the Listing:
- International Porcupine Caribou Board

2. Information about the Other Corporate Interests of Canada

2.1 Joint and Mixed Enterprises[1]

Corporation	Federal Owner-ship	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Total Assets (A)/ Liabilities (L)/ Auditor	Mandate/ Government Objective
Canarctic Shipping Company Limited (Mixed)	51%	150 Metcalfe Street P.O. Box 39 Ottawa, Ontario K2P 1P1 (613) 234 - 8414	Minister of Transport	Canada Corporations Act, 1975	December 31/91 A = $12.8M L = $15.7M Coopers & Lybrand	To demonstrate Canadian capability in Arctic ship design and operation; and to use the ship: as a demonstration of sovereignty, for advancing ice navigation technology, and for effectively testing the extension of the arctic season.
Cooperative Energy Corporation[2] (Mixed)	25%	Suite 1600, 530-8 Avenue S.W. Calgary, Alta. T2P 3S8 (403) 266 - 7800	Minister of Energy, Mines and Resources	Cooperative Energy Act, 1982	December 31/91 A = $172M L = $89.5M Deloitte & Touche	To operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. To bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.
Lower Churchill Development Corporation Limited (Joint)	48.9%	P.O. Box 12700 St. John's, Nfld. A1B 3T5 (709) 737 - 1400	Minister of Energy, Mines and Resources	Newfoundland Companies Act, 1978	December 31/91 A = $30.2M L = $27,000 Ernst & Young	To establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the line transmission of this energy to markets.
National Sea Products Limited (Mixed)	10.6%	Suite 600 1959 Upper Water Street P.O. Box 2130 Halifax, N.S. B3J 3B7 (902) 422 - 9381	Minister of State (Finance and Privatization)	The Companies Act of Nova Scotia, amalgamated in 1967	December 29/91 A = $282.3M L = $201.3M Ernst & Young	To process and market fish, seafoods and fish by-products around the world. To restructure the Atlantic Fisheries.
North Portage Development Corporation (Joint)	33.3%	56 The Promenade Winnipeg, Man. R3B 3H9 (203) 947 - 1744	Minister of Western Economic Diversification	Manitoba Corporations Act, 1983	March 31/92 A = $100M L = $24.6M Coopers & Lybrand	To foster the social and economic redevelopment of the North Portage area in the city of Winnipeg. Under the Special Recovery Capital Projects Program, to stimulate economic recovery in Canada and Manitoba.

Corporation	Federal Owner-ship	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Total Assets (A)/ Liabilities (L)/ Auditor	Mandate/ Government Objective
NPM Nuclear Project Managers Canada Inc. (Mixed)	13.3%	2020 University 22nd Floor Montreal, Quebec H3A 2A5 (514) 288 - 1990	Minister of Energy, Mines and Resources	Canada Business Corporations Act, 1982	March 31/92 A = N/A L = N/A N/A	Nuclear project and construction management. To transfer this activity to the private sector.
Petro-Canada (Mixed)	80.5%	150-6th Ave. S.W. 52nd Floor, West Tower Calgary, Alberta T2P 3E3 (403) 296 - 8000	Minister of State (Finance and Privatization)	Canada Business Corporations Act, 1975	December 31/91 A= $6,034M L= $3,541M Arthur Andersen & Company	To explore for, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.
Société du parc industriel et portuaire Québec-Sud (Joint)	40%	10, rue Giguère Lévis-Lauzon, Québec G6V 1N6 (418) 833 - 5925	Minister of Industry, Science and Technology	Loi sur la société inter-port de Québec, 1988	March 31/92 A = N/A L = N/A Laliberté, Lanctôt, Coopers & Lybrand	To encourage, within the boundaries of the town of Lauzon, the development of an industrial park and harbour facility suited to major industrial projects. To manage this industrial park and harbour facility. To acquire, sell or exchange land within the boundaries of the town of Lauzon.
Telesat Canada[3] (Mixed)	49.3%[4]	1601 Telesat Court Gloucester, Ontario K1B 5P4 (613) 748 - 0123	Minister of State (Finance and Frivatization)	Telesat Canada Act, 1969	December 31/91 A = $1,038M L = $744M Peat Marwick Thorne	To establish and provide, on a commercial basis, satellite telecommunications systems, and elements thereof, as well as associated services, in Canada and elsewhere.

[1] Excludes corporate interests which the Superintendant of Bankruptcy has received under The Bankruptcy Act.
[2] Cooperative Energy Corporation announced the sale of 58% of its shares in the operating company, Co-enerco Resources Ltd., on September 26, 1992. The sale does not change the government's voting interest in the corporation.
[3] The Government sold its interest in Telesat to Alouette Telecommunications Inc., in April 1992.
[4] Excludes 3.7% that had been held by Canadian National Railway Company.

N/A = not available at time of printing

M = millions of dollars

2.2 Other Entities

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
Army Benevolent Fund	245 Cooper Street Ottawa, Ontario K2P 0G2 (613) 996 - 6150	Minister of Veterans Affairs	Army Benevolent Fund Act, 1947	March 31 Auditor General of Canada	To relieve distress and promote the well-being of Second World War veterans of the Canadian Army and their dependants through the provision of financial assistance in the form of grants.
Asia-Pacific Foundation of Canada	Suite 666 999 Canada Place Vancouver, B.C. V6C 3E1 (604) 684 - 5986	Minister of External Affairs	Asia-Pacific Foundation of Canada Act, 1984	March 31 Coopers & Lybrand	To develop closer ties between the peoples and institutions of Canada and the peoples and institutions of the Asia-Pacific region.
Association for the Export of Canadian Books	Suite 1101 1 Nicholas St. Ottawa, Ontario K1N 7B7 (613) 562 - 2324	Minister of Communications	Canada Corporations Act, 1972	March 31 Robert B. Shortley	To promote the export of Canadian books to the international market. To administer the export budget for the Department of Communications' Book Publishing Industry Development Program.
Blue Water Bridge Authority	Bridge Street Point Edward, Ontario N7V 4J5 (519) 336 - 2720	Minister of Transport	Blue Water Bridge Authority Act, 1964	August 31 Deloitte & Touche	To acquire, hold, operate, maintain and repair the Canadian portion of the Blue Water Bridge which links Point Edward, Ontario and Port Huron, Michigan, U.S.A. across the St. Clair River
Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children	Holland Cross 5th Floor, Tower B 1600 Scott Street Ottawa, Ontario K1A 0W9 (613) 954 - 1813	Minister of Health and Welfare[1]	Queen Elizabeth II Canadian Research Fund Act, 1959	March 31 Auditor General of Canada	To further research into the diseases of children and the prevention and cure of such diseases.
Buffalo and Fort Erie Public Bridge Authority	The Peace Bridge Peace Bridge Plaza Buffalo, N.Y. 14213 U.S.A. (716) 884 - 6744	Minister of Finance	Buffalo and Fort Erie Public Bridges Company Act, 1934	December 31 Ernst and Young	To construct, maintain and operate a bridge across the Niagara River between Buffalo, New York and Fort Erie, Ontario.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
Calgary Olympic Development Association	The Day Lodge Canada Olympic Park Beaufort Road, N.W., SS#1 Calgary, Alta. T2M 4N3 (403) 247 - 5416	Minister of Health and Welfare[2]	Societies Act of Alberta, 1979	March 31 Price Waterhouse	To foster the development of Canadian athletics; to administer the Olympic Endowment Funds; and to operate and maintain the Canada Olympic Park.
Canada Grains Council	Suite 760 360 Main Street Winnipeg, Man. R3C 3Z3 (204) 942 - 2254	Minister of State (Grains and Oilseeds)	Canada Corporations Act, 1969	March 31 Peat Marwick Thorne	To encourage a coordinated effort in improving Canada's performance in world grain markets, to promote and conduct research, and to formulate recommendations and provide advice to government representing a consensus within the industry.
Canadian Centre on Substance Abuse	Suite 480 112 Kent Street Ottawa, Ontario K1P 5P2 (613) 235 - 4048	Minister of Health and Welfare	Canadian Centre on Substance Abuse Act, 1988	March 31 McIntyre & McLarty	To promote increased awareness, on the part of Canadians, of matters relating to alcohol and drug abuse and their increased participation in the reduction of harm associated with such abuse, and to promote the use of relevant programs.
Canadian Fitness and Lifestyle Research Institute	Suite 200 47 Clarence Street Ottawa, Ontario K1N 9K1 (613) 236 - 0173	Minister of Health and Welfare[2]	Canada Corporations Act, 1980	March 31 Deloitte & Touche	To conduct research, and collect, interpret and disseminate information, pertaining to the fitness levels of Canadians.
Canadian International Grains Institute	Suite 1000 303 Main St. Winnipeg, Man. R3C 3G7 (204) 983 - 3289	Minister of State (Grains and Oilseeds)	Canada Corporations Act, 1972	March 31 Deloitte & Touche	To promote, on a non-profit basis, for the general advantage of Canada, the development, maintenance and enlargement of Canadian and international markets for Canadian grains and oilseeds and the products thereof.
Canadian Livestock Records Corporation	2417 Holly Lane Ottawa, Ontario K1V 0M7 (613) 731 - 7110	Minister of Agriculture	Animal Pedigree Act, 1988	December 31 Ernst & Young	To perform services for and on behalf of members of the fifty Breed Associations. To ensure the maintenance of the General Stud and Herd Books.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
Canadian Sport and Fitness Administration Centre, Inc.	1600 James Naismith Drive Gloucester, Ontario K1B 5N4 (613) 746 - 0060	Minister of Health and Welfare[2]	Canada Corporations Act, 1974	March 31 Peat Marwick Thorne	To assist organizations concerned with the development of Canadian sport and fitness by providing support services in the area of administration and promotion.
Coaching Association of Canada	1600 James Naismith Drive Gloucester, Ontario K1B 5N4 (613) 748 - 5624	Minister of Health and Welfare[2]	Canada Corporations Act, 1970	March 31 Ouseley Guindon Hanvey	To improve the formal training of coaches through the National Coaching Certification Program and related programs, and to consolidate a profession of coaching which will ensure job opportunities are matched by qualified candidates.
Focus on Active Living '92	Suite 312 1600 James Naismith Drive Gloucester, Ontario K1B 5N4 (613) 748 - 5778	Minister of Health and Welfare[2]	Canada Corporations Act, 1992	March 31 N/A	To promote the advancement and integration of the concept of "active living" as a way of life that values physical activity as a personal experience, accessible to all.
Forest Engineering Research Institute of Canada	143, Place Frontenac Pointe Claire, Quebec H9R 4Z7 (514) 694 - 1140	Minister of Forestry	Canada Corporations Act, 1976	December 31 Charette, Fortier, Hawey, Touche, Ross	To conduct research and development aimed at improving the efficiency of operations relating to the harvesting and transportation of wood and to improving the equipment used for silvercultural and private woodlots forestry.
Forintek Canada Corporation	2665 East Mall University of British Columbia Vancouver, B.C. V6T 1W5 (604) 224 - 3221	Minister of Forestry	Canada Corporations Act, 1979	March 31 Deloitte & Touche	To be the leading force in the technological advancement of the Canadian wood products industry, through creation and implementation of innovative concepts, processes, products, and education programs.
Fraser River Harbour Commission	Suite 505 713 Columbia Street New Westminster, B.C. V3M 1B2 (604) 524 - 6655	Minister of Transport	New Westminster Harbour Commissioners Act, 1913	December 31 Peat Marwick Thorne	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Hamilton Harbour Commissioners, The	605 James Street N. Hamilton, Ontario L8L 1J9 (416) 525 - 4330	Minister of Transport	Hamilton Harbour Commissioners Act, 1912	December 31 Pannell Kerr McGillivray	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
International Centre for Human Rights and Democratic Development	63, rue de Brésoles 1st Floor Montreal, Quebec H2Y 1V7 (514) 283 - 6073	Minister of External Affairs	International Centre for Human Rights and Democratic Development Act, 1988	March 31 Auditor General of Canada	To promote and support cooperation between Canada and other countries for the purpose of developing and strengthening human rights institutions.
International Fisheries Commissions Pension Society	c/o Treasury Board of Canada L'Esplanade Laurier 5th Floor, West Tower 300 Laurier Ave. Ottawa, Ontario K1A 0R5 (613) 952 - 3248	Minister of Fisheries and Oceans	Canada Corporations Act, 1957	September 30 Auditor General of Canada	To arrange for and administer the provision of pensions and insurance for the employees of any international fisheries commission, whose seat or headquarters in any country is established and maintained by Canada or the U.S., or both.
Kamloops 1993 Canada Games Host Society, The	118 Victoria Street Kamloops, B.C. V2C 6N9 (604) 372 - 1993	Minister of Health and Welfare	B.C. Society Act, 1990	March 31 Price Waterhouse	To plan, organize and stage the 1993 Canada Summer Games.
Last Post Fund	Suite 921 685 Cathcart St. Montreal, Quebec H3B 1M7 (514) 866 - 2888	Minister of Veterans Affairs	Federal Charter, 1921	March 31 Supply and Services Canada	To ensure the provision of a dignified funeral and burial to eligible war veterans.
Maritime Forestry Complex Corporation	Hugh John Flemming Forestry Centre RR#10, Fredericton, N.B. E3B 6H6 (506) 452 - 6950	Minister of Forestry	Maritime Forestry Complex Corporations Act, New Brunswick, 1980	March 31 Peat Marwick Thorne	To establish a Maritime Provinces Regional Forestry Complex.
Medical Council of Canada	2283 St. Laurent Blvd P.O. Box 8234 Ottawa, Ontario K1G 3H7 (613) 521 - 6012	Minister of Health and Welfare	Canada Medical Act, 1912	December 31 Peat Marwick Thorne	To promote and effect the establishment of a qualification in medicine, such that the holders thereof shall be acceptable and empowered to practice in all the provinces of Canada.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
Nanaimo Harbour Commission	P.O. Box 131 104 Front Street Nanaimo, B.C. V9R 5R9 (604) 753 - 4146	Minister of Transport	Nanaimo Harbour Commissioners Act, 1961	December 31 Bestwick and Partners	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
National Community Tree Foundation	Suite 1550 220 Laurier Avenue West Ottawa, Ontario K1P 5Z9 (613) 567 - 5545	Minister of Forestry	Canada Corporations Act, 1991	March 31 Peat Marwick Thorne	To promote public awareness and education regarding Canada's forests, to provide leadership and community action in building the conservation ethic in Canada and in coordinating actions and soliciting cooperation and funding, in support of tree planting and forest conservation.
Nature Trust of British Columbia, The	909-100, Park Royal South, West Vancouver, B.C. V7T 1A2 (604) 925 - 1128	Prime Minister	Canada Corporations Act, 1971	December 31 Peat Marwick Thorne	To purchase and preserve ecologically important parcels of land in B.C.
North Fraser Harbour Commission	2020 Airport Road Richmond, B.C. V7B 1C6 (604) 273 - 1866	Minister of Transport	North Fraser Harbour Commissioners Act, 1913	December 31 Dunwoody & Company	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Northern Native Fishing Corporation	P.O. Box 876 4-214 Third Ave. W. Prince Rupert, B.C. V8J 3Y1 (604) 627 - 8436	Minister of Indian Affairs and Northern Development	British Columbia Companies Act, 1982	January 31 Arthur Andersen & Co.	To preserve a fleet of fishing vessels and related licences for the long-term benefit of native fishermen, and to foster their development as independent business operators.
Oshawa Harbour Commission	1050 Farwell Street P.O. Box 492 Oshawa, Ontario L1H 6N6 (416) 576 - 0400	Minister of Transport	Oshawa Harbour Commissioners Act, 1961	December 31 Deloitte & Touche	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
PARTICIPaction	40 Dundas St. West Suite 220 Toronto, Ontario M5G 2C2 (416) 977 - 7467	Minister of Health and Welfare[2]	Canada Corporations Act, 1971	March 31 Peat Marwick Thorne	To inform Canadians about the positive benefits of physical fitness and to motivate them to adopt healthy, physically active lifestyles. To promote fitness through participation in sport and physical recreation.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
POS Pilot Plant Corporation	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4 (306) 975 - 7066	Minister of State (Grains and Oilseeds)	Canada Corporations Act, 1973	March 31 Peat Marwick Thorne	To be a practical world-class research and development facility for Canadian and international industry so that secondary and tertiary industry can be started and developed in Canada.
Port Alberni Harbour Commission	2750 Harbour Road P.O. Box 99 Port Alberni, B.C. V9Y 7W6 (604) 723 - 5312	Minister of Transport	Port Alberni Harbour Commissioners Act, 1947	December 31 Newman Hill Duncan & Lacoursière	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Pulp and Paper Research Institute of Canada	570 Saint-Jean Blvd. Pointe Claire, Quebec H9R 3J9 (514) 630 - 4100	Minister of Forestry	Canada Companies Act, 1950	December 31 Deloitte & Touche	To enhance the technical competitiveness of its member companies by providing them with basic research data and improved technology.
Roosevelt Campobello International Park Commission	P.O. Box 9 Welshpool, Campobello Is, N.B. E0G 3H0 (506) 752 - 2992	Minister of External Affairs	The Roosevelt Campobello International Park Commission Act, 1964	December 31 Foster, Carpenter, Black & Co.	To administer as a memorial the Roosevelt Campobello International Park.
Saint John Harbour Bridge Authority	29 King Street P.O. Box 3728 Station B West Saint John, N.B. E2M 5C1 (506) 635 - 1320	Minister of Transport	An Act to Establish a Harbour Bridge Authority in the City of Saint John, New Brunswick, 1962	March 31 Deloitte & Touche	To construct a bridge across the Harbour of Saint John, and to enter into agreements with federal, provincial and municipal governments, persons or corporations respecting the financing and construction of such bridge; and to collect tolls and other charges for the operation and maintenance of the bridge.
Sport Information Resource Centre	1600 James Naismith Drive Gloucester, Ontario K1B 5N5 (613) 748 - 5658	Minister of Health and Welfare[2]	Canada Corporations Act, 1987	March 31 N/A	To maintain a non-profit national sport information resource centre to serve the educational needs of organizations and individuals involved in or responsible for the development of sport and fitness in Canada.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
Terry Fox Humanitarian Award Inc.	711-151 Sparks St. Ottawa, Ontario K1P 5E3 (613) 235 - 1803	Minister of Health and Welfare[3]	Canada Corporations Act, 1982	March 31 Deloitte & Touche	To encourage Canadian youth to seek high ideals as represented by Terry Fox by granting commemorative scholarships for the pursuit of higher education. To establish, maintain and manage an endowment fund.
Thunder Bay Harbour Commission	P.O. Box 2266 Thunder Bay, Ontario P7B 5E8 (807) 345 - 6400	Minister of Transport	Lakehead Harbour Commissioners Act, 1959	December 31 Ernst & Young	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Toronto Harbour Commissioners, The	60 Harbour Street Toronto, Ontario M5J 1B7 (416) 863 - 2020	Minister of Transport	Toronto Harbour Commissioners Act, 1911	March 31 Thorne, Ernst & Whinney	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.
Vanier Institute of the Family, The	120 Holland Ave. Ottawa, Ontario K1A 0X6 (613) 722 - 4007	Prime Minister	Canada Business Corporations Act, 1965	December 31 Coopers & Lybrand	To promote the spiritual and material well-being of Canadian families and to study their social, physical, mental, moral and financial environment and characteristics.
Western Grains Research Foundation	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4 (306) 975 - 0060	Minister of Agriculture	Canada Corporations Act, 1981	December 31 Coopers & Lybrand	To initiate, encourage, support and conduct research into grain production and into economic and market development of grain products.
Wildlife Habitat Canada	Suite 301 1704 Carling Avenue Ottawa, Ontario K2A 1C7 (613) 722 - 2090	Minister of State (Environment)	Canada Corporations Act, 1984	March 31 Peat Marwick Thorne	To promote the conservation, restoration and enhancement of wildlife habitat in Canada in order to retain the diversity, distribution and abundance of wildlife. That is to say, all non-domestic species of animals and plants.
Windsor Harbour Commission	500 Riverside Drive W. Windsor, Ontario N9A 5K6 (519) 258 - 5741	Minister of Transport	Windsor Harbour Commissioners Act, 1957	December 31 Peat Marwick Thorne	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.

Corporation	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective
1995 Canada Winter Games Host Society	P.O. Box 1995 Grande Prairie, Alberta T8V 6V2 (403) 539 - 1995	Minister of Health and Welfare[2]	Alberta Society Act, 1990	March 31 N/A	To plan, organize and stage the 1995 Canada Winter Games.
1995 World Nordic Championships Organizing Committee	3rd Floor, City Hall 500 Donald St. East Thunder Bay, Ontario N7T 7H7 (807) 343 - 8744	Minister of Health and Welfare[2]	Ontario Business Corporations Act, 1991	N/A N/A	To organize the 1995 World Nordic Championships.
1994 Victoria Commonwealth Games Host Society	Suite 1210 345 Quebec Street Victoria, B.C. V8W 3M8 (604) 380 - 1994	Minister of Health and Welfare[2]	Society Act of British Columbia, 1988	March 31 Peat Marwick Thorne	To organize and stage the XVth Commonwealth Games.
1991 Canada Games Foundation (P.E.I) Inc., The	P.O. Box 2000 Attn: Mr. J. Kane Charlottetown, P.E.I. C1A 7N8 (902) 652 - 2356	Minister of Health and Welfare[2]	Canada Corporations Act, 1987	March 31 N/A	To promote and support amateur sport throughout host provinces by directing the surplus generated by sound management of the Games.
1989 Jeux Canada Games Foundation Inc.	P.O. Box 1989 Saskatoon, Sask. S7K 3S5 (306) 664 - 2789	Minister of Health and Welfare[2]	Non-Profit Corporations Act, 1990	December 31 Horachek Cannam Joa	To promote and support amateur sport throughout host provinces by directing the surplus generated by sound management of the Games.

[1] The directors of the Board are "appointed by Her Majesty by Commission under the Great Seal".
[2] Directors are appointed by the Minister of State (Fitness and Amateur Sport) who has received delegated authority from the Minister of Health and Welfare.

N/A = not available at time of printing

2.3 International Organizations

Corporation	Federal Ownership	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective in Participating
African Development Bank	3.3%	P.O. Box 1387 Abidjan 01 Ivory Coast Africa 011-225-20-44-44	Minister of External Affairs[1]	Agreement signed by member countries[2], 1963	December 31 Akintola Williams & Hassan Inc. and Deloitte & Touche	To contribute to the economic development and social advancement of the member countries, individually and collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
African Development Fund	5.0%	P.O. Box 1387 Abidjan Ivory Coast Africa 011-225-20-44-44	Minister of External Affairs[1]	Agreement signed by member countries[2], 1972	December 31 Akintola Williams & Hassan Inc. and Deloitte & Touche	To assist the African Development Bank in making an increasingly effective contribution to the economic and social development of the Bank's members. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Asian Development Bank	5.0%	P.O. Box 789 1099 Manila, Philippines 011-632 - 711 - 3851	Minister of External Affairs[1]	Agreement signed by member countries[2], 1965	December 31 Deloitte & Touche	To lend funds, promote investment and provide technical assistance to developing countries, and generally to foster economic growth in the Asian Region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Caribbean Development Bank	10.3%	P.O. Box 408 Wildey, St. Michael Bridgetown Barbados 1-8-809 - 431 - 1600	Minister of External Affairs[1]	Agreement signed by member countries[2], 1969	December 31 Price Waterhouse	To contribute to the harmonious economic growth and development of the member countries, and integration among them, having special and urgent regard to the needs of the less developed members of the region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
Commonwealth War Graves Commission	N/A	2 Marlow Road Maidenhead, Berkshire U.K. S16 7DX (0628) 34221	Minister of Veterans Affairs	Royal Charter, 1917	March 31 Coopers Lybrand & Deloitte	To mark and maintain graves and memorials and keep records of the members of the Forces of the Commonwealth who died in the two World Wars.

Corporation	Federal Ownership	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective in Participating
European Bank for Reconstruction and Development	3.4%	122 Leadenhall St. London, England EC3V 4QL 071 - 338 - 6000	Minister of Finance	European Bank for Reconstruction and Development Agreement Act, 1991	N/A N/A	To develop a vibrant private sector and to help foster the transition from centrally planned economies to market economies in the new Europe.
Inter-American Development Bank	4.4%	1300 New York Ave. Washington, D.C. U.S.A. 20577 (202) 623 - 1000	Minister of External Affairs[1]	Agreement signed by member countries[2], 1959	December 31 Price Waterhouse	To contribute to the acceleration of the process of economic development of the member countries, individually or collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
International Bank for Reconstruction and Development	3.0%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 623 - 1000	Minister of Finance	Bretton Woods Agreements and Related Act, 1945	June 30 Price Waterhouse	To assist in the reconstruction and development of territories of member countries.
International Boundary Commission	N/A	615 Booth Street Room 130 Ottawa, Ontario K1A 0E9 (613) 995 - 4951	Minister of External Affairs	Treaty of Washington, 1908, International Boundary Commission Act, 1960	March 31 N/A	To maintain the demarcation and cartographic representation of the land and water boundary between Canada and the United States, and to regulate all construction within three metres of the boundary line.
International Development Association	3.2%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Minister of Finance	Articles of Agreement; 1960, International Development Association Act, 1960	June 30 Price Waterhouse	To promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world.
International Finance Corporation	3.7%	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Minister of Finance	Articles of Agreement; Vote 731, Appropriation Act No.6, 1956	June 30 Price Waterhouse	To further economic development by encouraging the growth of productive enterprise in member countries, supplementing the activities of the International Bank for Reconstruction and Development.

Corporation	Federal Owner-ship	Head Office Information	Responsible Minister	Statutory Authority and Year Incorporated	Fiscal Year End/ Auditor	Mandate/ Government Objective in Participating
International Fund for Agricultural Development[2]	1.8%	107 via del Serafico 00142 Rome Italy 011-39-6 - 440 - 2991	Minister of External Affairs[1]	International Agreement, 1977	December 31 Price Waterhouse	To increase food production, reduce malnutrition and rural poverty in the Third World. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.
International Monetary Fund	3.2%	700 19th St., N.W. Washington, D.C. U.S.A. 20431 (202) 623 - 7000	Minister of Finance	Agreement signed by member Countries, 1945	April 30 External Audit Committee	Established to promote economic welfare by encouraging the expansion of trade, the maintenance of orderly exchange arrangements, and the reduction of balance of payments.
International Porcupine Caribou Board	50%	c/o CWS Box 340 Delta, B.C. V4K 3Y3 (604) 666 - 0143	Minister of Environment	Agreement signed by the USA and Canada on the Conservation of the Porcupine Caribou Herd, 1987	N/A N/A	To provide advice and recommendations that will improve cooperation and coordination between Canada and the USA in managing the Porcupine Caribou Herd.
Multilateral Investment Guarantee Agency	3.5%	1818 H Street N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Minister of Finance	Bretton Woods and Related Agreements Act, 1988	June 30 Price Waterhouse	To encourage the flow of investments for productive purposes among member countries, thus supplementing the activities of International Bank for Reconstruction and Development, the International Finance Corporation and other international development finance institutions.

1 Responsibility for these organizations has been delegated to the Minister of State (External Relations and International Development) from the Secretary of State for External Affairs.
2 Statutory Authority under Canadian Law is the *International Development (Financial Institutions) Continuing Assistance Act.*

N/A = not available at time of printing

President
of the Treasury Board

Président
du Conseil du Trésor

Crown Corporations and Other Corporate Interests of Canada

1992-93 Annual Report to Parliament

Canada

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Canada

For information about matters in this report, contact the
Policy and Corporate Information Division
Crown Corporations and Privatization Sector
Department of Finance and Treasury Board of Canada
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario
K1A 0G5
Telephone (613) 957-0160
Facsimile (613) 957-0151

Une version française est également disponible

THE PRESIDENT'S MESSAGE

It is with pleasure that I table the 10th ***Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada***.

Crown corporations play an important role in strengthening the economic, social and cultural fabric of Canada. Many of them supply or deliver essential services, while others are responsible for key parts of the infrastructure a dynamic and growing economy needs.

In 1992-93, Crown corporations increased their productivity and improved service to their clients, in spite of receiving less in government funding. A slow economy in 1992-93 affected the performance of many of the Crown corporations, which as a whole lost $1.6 billion. The losses were due mainly to the restructuring of Canadian National Railways and reimbursements by the Canada Deposit Insurance Corporation to depositors in financial institutions that have collapsed.

I am particularly pleased to report two important measures taken to enhance and strengthen the accountability regime for Crown corporations. In 1993, the Treasury Board Secretariat, in collaboration with the Conference Board of Canada and the Canadian Centre for Management Development, produced and circulated a booklet entitled *Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities*. The Treasury Board Secretariat has also circulated, for review and comment by interested parties, a draft guideline on the preparation of annual reports which focuses on the reporting practices of Crown corporations. The initial responses to both these documents have been encouraging. I anticipate they will help to strengthen the accountability regime of Crown corporations.

Key to public confidence in the integrity of our institutions is the public disclosure contained in reports such as this one. In the future, I would like to see continued transparency of the strategic decisions taken by these corporations and the measurement of their financial performance. I am confident that timely reporting to Parliament will confirm the commitment of the employees, management, and directors of our Crown corporations to serving Canadians in a productive and cost-effective way.

Arthur C. Eggleton

Ottawa, Ontario
January, 1994

PREFACE

The President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada synthesizes the businesses and activities of all parent Crown corporations and the other corporate interests of the Government of Canada. It includes listings of the Crown corporations and of the corporations of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation. In addition to individual audited financial statements for the parent Crown corporations, aggregated employment and financial data, including borrowings of parent Crown corporations, and other information are provided. The Report is divided into four parts plus an Annex:

- **Part I** presents an overview of the parent Crown corporation portfolio and other significant corporate holdings. It also presents consolidated financial and employment data on all parent Crown corporations.
- **Part II** presents a corporate abstract for each parent Crown corporation and for the wholly-owned subsidiary that has been directed to report as parent corporation.
- **Part III** lists the corporate holdings of parent Crown corporations and all other corporate interests of Canada and provides supplementary information about them.
- **Part IV** reports on the tablings in Parliament by Ministers of annual reports and corporate plan and budget summaries for each parent Crown corporation.
- The **Annex** contains the audited financial statements for each of the parent Crown corporations.

This **Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada** is prepared under the direction of the President of the Treasury Board by the Crown Corporations and Privatization Sector of the Department of Finance and Treasury Board Secretariat. It responds to requirements of the *Financial Administration Act* (FAA) (Sections 151(1) and 152(1)) that the following documents be tabled in Parliament annually:

- a consolidated report on the businesses and activities of parent Crown corporations, including information on all Crown corporations and other corporate interests of Canada; and
- a report indicating when annual reports and corporate plan and budget summaries were to be laid before each House (for the twelve-month period ending on July 31), and when they were actually laid before that House.

CROWN CORPORATIONS AND OTHER CORPORATE INTERESTS OF CANADA
1992-1993 Annual Report to Parliament

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PART I

BUSINESSES AND ACTIVITIES OF CROWN CORPORATIONS AND OTHER CORPORATE INTERESTS

Part I
Businesses and Activities of Crown Corporations and Other Corporate Interests

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Introduction

Part I of this annual report to Parliament presents a general overview of the businesses and activities of Canada's Crown corporations and other corporate interests. Employment and financial information for each of the Crown corporations is presented and aggregated to demonstrate the size and impact of the entire Crown corporation portfolio. Trends affecting this portfolio during the past five years are discussed and major developments occurring since the last annual report are highlighted. Because of the diversity of the portfolio, much of the information is set out in Charts and Tables. Parts II, III and IV and the annex to this Report provide more detailed information and reference sources. Part I consists of the following three sections:

1. The **Overview of the Crown Corporation Portfolio and Other Corporate Interests** describes the portfolio, identifies changes to the portfolios during the year and shows the industry sectors within which the Crown corporations operate. It provides information on the size of the portfolio and discusses major events and trends affecting Crown corporations and the other corporate interests of the government since the last reporting period and over the last five years. It also provides information on how government policies affect Crown corporations. It focuses also on the importance of corporate governance and of reporting to Parliament.

2. **Selected Corporate Highlights** provides selected highlights of the significant developments in the Crown corporation and the other corporate interests portfolio during the year under review.

3. **Summary Financial and Employment Information for Crown Corporations**

   This section presents three summary tables describing the Crown corporation portfolio:

   - Table 1 presents employment and financial position, grouped by industry sector.
   - Table 2 provides data on net operating results and financing, grouped according to the scheduling of the Crown corporations in the *Financial Administration Act* (FAA).
   - Table 3 compares the financial position of Crown corporations with the investment recorded by the Government of Canada as at March 31, 1993, the federal government's fiscal year-end.

The tables are followed by an explanation of the terminology used in the tables and notes.

1. OVERVIEW OF THE PORTFOLIO OF CROWN CORPORATIONS, AND OTHER CORPORATE INTERESTS

OVERVIEW

As of July 31, 1993 the corporate holdings of the Government of Canada consisted of 48 parent Crown corporations, their 109 subsidiaries and 83 other corporate interests. Of the 83, 49 were non-share capital corporations where the government appointed some directors (Other Entities), 16 were owned jointly with the private sector (Mixed Enterprises), 3 with other levels of government (Joint Enterprises), and 15 pursuant to international agreements (International Organizations). In addition, there is one subsidiary directed to report as if it were a parent corporation. Details of these holdings can be found in Part III of this report, "Listings of the Corporate Interests of Canada".

The portfolio of corporations has remained relatively constant during the last twelve months. Five inactive parent Crown corporations were dissolved and two small parents became subsidiaries of two other parent Crown corporations. These seven corporations are identified in Notes to Table 1. Canada's holdings in Joint Enterprises, Other Entities and International Organizations did not change. For the Mixed Enterprises holdings, the only significant change was the finalization of the federal government's sale of its investment in Telesat Canada. The details of these changes are described in "Listings of the Corporate Interests of Canada", shown as Part III of this report.

Chart A groups the parent Crown corporations according to the relevant sectors of the economy: transport; energy and resources; agriculture and fisheries; development and construction; government services; housing; culture; financial intermediaries; and postal services. In aggregate, they had total assets of $80.8 billion in 1992-93. Excluding the Bank of Canada, total assets amounted to $53.3 billion and were concentrated primarily in the housing and the financial intermediaries sectors. Total employment stood at 117,751 and was concentrated in the transport and postal services sectors, with 76 per cent of the total.

The Crown corporations had $12.6 billion of current liabilities and $32.8 billion of long-term liabilities. The federal government's shareholder's equity in these Crown corporations was $7.9 billion. Table 1, "Employment and Financial Position", which follows in Section 4 of this Part, presents a consolidated financial position of the Crown corporation portfolio as portrayed by the totals of their assets, liabilities and equity.

The slow economy affected the financial performance of the government's corporate holdings during 1992-93. The portfolio of Crown corporations incurred total net losses of $1,628 million. Government funding by way of budgetary appropriations was $4,850 million and net borrowings from the government increased by $1,440 million. Details of the operating results and financing are shown in Table 2, "Operating Results and Financing".

Chart A

PORTFOLIO OF PARENT CROWN CORPORATIONS GROUPED BY SECTOR

(At the Corporate year-ends, on or before July 31, 1993 or immediately preceding dissolution: b = $ billions)

Transport

Assets: $10.2b *Employment: 44,653*

- Canada Ports Corporation
- Canadian National Railway Company
- Local port corporations (seven)
- Marine Atlantic Inc.
- Pilotage Authorities (four)
- The St. Lawrence Seaway Authority
- VIA Rail Canada Inc.

Postal Services

Assets: $.2.4b *Employment: 44,683*

- Canada Post Corporation

Housing

Assets: $10.3b *Employment: 2,955*

- Canada Mortgage and Housing Corporation

Cultural

Assets: $1.9b *Employment: 11,349*

- Canada Council
- Canadian Broadcasting Corporation
- Canadian Film Development Corporation
- Canadian Museum of Civilization
- Canadian Museum of Nature
- National Arts Centre Corporation
- National Gallery of Canada
- National Museum of Science and Technology

Government Services

Assets: $28.3b *Employment: 3,044*

- Bank of Canada
- Canada Development Investment Corporation
- Canadian Commercial Corporation
- Royal Canadian Mint
- Standards Council of Canada

Financial Intermediaries

Assets: $17.4b *Employment: 2,358*

- Canada Deposit Insurance Corporation
- Enterprise Cape Breton Corporation
- Export Development Corporation
- Farm Credit Corporation
- Federal Business Development Bank

Energy and Resources

Assets: $2.2b *Employment: 6,766*

- Atomic Energy of Canada Limited
- Cape Breton Development Corporation
- Petro-Canada Limited

Development and Construction

Assets: $0.4b *Employment: 1,047*

- Canada Lands Company Limited
- Defence Construction (1951) Limited
- National Capital Commission
- Old Port of Montreal Corporation Inc.
- Queens Quay West Land Corporation (formerly Harbourfront Corporation)

Agriculture and Fisheries

Assets: $7.6b *Employment: 558*

- Canadian Dairy Commission
- Canadian Saltfish Corporation
- The Canadian Wheat Board
- Freshwater Fish Marketing Corporation

Other

Assets: $0.02b *Employment: 338*

- International Development Research Centre

Inactive

Assets: negligible *Employment: Nil*

- Canadian Institute for International Peace and Security
- Canadian National (West Indies) Steamships, Ltd.
- Canadian Patents and Development Limited
- International Centre for Ocean Development
- Teleglobe Canada

Table 1 presents the financial data and other information underlying this chart.

GOVERNMENT POLICIES AND CROWN CORPORATIONS

Increasing globalization of trade and the recession have pressured both private sector corporations and Crown corporations to be more competitive and efficient. For Crown corporations this challenge is further complicated by their need to achieve the policy objectives in their mandate, and to be sensitive to the government's broader public policy objectives as reflected in the corporations' commitment to wage restraint, official languages, employment equity and the government's procurement obligations under trade liberalization.

The government has entrusted the Boards of Directors and management of Crown corporations with a high degree of autonomy to manage the affairs of the Crown corporations. In delegating this authority and responsibility, the government recognizes that Crown corporations serve the public interest in a commercial environment, that they are expected to use the best available private sector business practices, and that to the extent practical, are to be treated in the same manner as private sector firms.

Since 1984, most Crown corporations have operated within the accountability framework established under Part X of the *Financial Administration Act*. This management regime for Crown corporations is the subject of a chapter in the Auditor General's 1993 Report to Parliament, entitled "Crown Corporations: Accountability for Performance". It discusses the continued importance of both the Crown corporation sector and the control and accountability framework established to manage it. The Auditor General's Report goes on to say that continued efforts are required to ensure the improved functioning of the management regime for Crown corporations, including their accountability and reporting to Parliament. He notes that the control and accountability framework:

> "*... has, in our view, improved the management of Crown corporations as well as the receipt of essential information by Parliament on a more timely basis*"; (paragraph 4.22)

During the year, the Treasury Board Secretariat continued its work to enhance and improve the functioning of the management regime for Crown corporations including their accountability and reporting to Parliament.

Improving Corporate Governance by Boards of Directors

To assist boards of directors to fulfil their responsibilities, the Treasury Board Secretariat and the Department of Finance in collaboration with the Conference Board of Canada and the Canadian Centre for Management Development in July 1993, issued a joint publication entitled "*Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities*". The guide attempts to assist directors, primarily the newly appointed directors, by orienting them to the delicate balance between acting in the best interests of the corporation on the one hand and integrating public policy objectives on the other. The document explains both the key characteristics distinguishing Crown corporations from other organizational forms used by the Government of Canada and the nature of the relationships Crown corporations have with other parts of the government. It focuses on four primary responsibilities of boards of directors: establishing the corporation's strategic direction, safeguarding the corporation's resources, monitoring corporate performance and reporting to the government.

Reporting to Parliament

The *Financial Administration Act* (FAA) requires each Crown corporation to submit an annual report and corporate plan and budget summaries for tabling in Parliament. The annual report, in addition to financial statements and the auditor's report, also presents information on how well objectives were achieved during the reporting period. Part IV of this annual report, "Tablings In Parliament For Crown Corporations: Annual Reports and Summaries of Corporate Plans and Budgets during the year ended July 31, 1993", provides a record of these tablings during the past year.

In late May 1993, the Treasury Board Secretariat circulated for review and comment among the Crown corporations and other interested practitioners, a draft document entitled "The Preparation of Crown Corporation Annual Reports". This document focuses on the particular reporting requirements and practices of Crown corporations. It is expected that this document will be finalized as a guide early in 1994 following the conclusion of consultations.

Building on the efforts by several organizations, including the Canadian Institute of Chartered Accountants, the Auditor General of Canada has invited Crown corporations to improve annual performance reporting and to compete for a Crown Corporation Annual Report Award to recognize good reporting starting in 1994.

Other Public Policies Affecting Crown Corporations

During the 1992-93 reporting period, Crown corporations closely followed the spirit and the intent of the government's wage restraint policy embodied in the *Public Sector Compensation Act*. This included the compensation for corporate chairpersons, chief executive officers, and employees.

Implementation of the official languages accountability system for Crown corporations is going well. In 1992-1993, the Treasury Board approved three agreements and several others are in the final stages of negotiation. An abridged version of the system is being developed for institutions with fewer than 100 employees. In 1992-1993, pursuant to the spirit of *the Official Languages Act*, the Crown Corporations Language of Work Financial Assistance Program committed $5.4 million to assist Crown corporations to create and maintain, in prescribed areas of the country, a workplace conducive to the use of either English or French as a language of work. This four year cost-sharing program which expired this year set aside $15.5 million to reimburse expenditures made by twenty-seven (27) Crown corporations. A total of $8 million has been claimed by those corporations.

The *Employment Equity Act* requires Crown corporations and other federally-regulated employers with 100 or more employees to implement employment equity and to report annually on the results to the Minister of Citizenship and Immigration. Detailed statistical data on employment equity in Crown corporations and other federally-regulated business organizations were published in the *Annual Report: Employment Equity Act, 1992*, tabled in Parliament.

With the proclamation of the *Act to Implement the North American Free Trade Agreement*, the general provisions of the Agreement may cover Crown corporations, and eleven Crowns, as listed in Annex 1001.1a-2 of the Agreement, will be subject to the specific disciplines of the chapter on government procurement. Also, as most Crown corporations are classified in the service sector in multi-lateral trade negotiations, both their behaviour and operations will come increasingly within the scope of the provisions of the General Agreement on Trade in Services.

CROWN CORPORATION PERFORMANCE

In relation to last year and the last five years, the performance of the Crown corporation portfolio exhibited the following significant characteristics:

Government of Canada's Investment

Canada's recorded financial investment and loans to Crown corporations as at March 31, 1993, was $19.6 billion (before an allowance for valuation). Over the last five years, this financial interest decreased by $3.6 billion primarily due to the privatization of Petro-Canada. Table 3, "Financial Position and Recorded Investment", compares the financial position of each Crown corporation with the Recorded Investment of the Government of Canada. The excess of total assets over total liabilities of $7.5 billion is greater than the government's recorded equity investment of $5.1 billion and reflects principally the accumulated profits of the unconsolidated corporations and financial and capital investments in consolidated corporations which the government classified as budgetary expenditures.

Budgetary Appropriations from Canada

Thirty five parent Crown corporations received $4.9 billion in budgetary appropriations to cover operational or capital expenditure requirements in 1992-93, a decrease of 14.3% or $0.8 billion from last year. This decrease was largely attributable to the Canadian Wheat Board which did not receive appropriations in the current year. Chart B, Budgetary Appropriations, shows that budgetary funding from the federal government for the last five years ranged from $4.7 billion to $5.7 billion. Relative to the 1988-89 appropriations of $4.7 billion, the 1992-93 appropriations of $4.9 billion increased 4% during the five years and, when measured in 1988 constant dollars, actually declined.

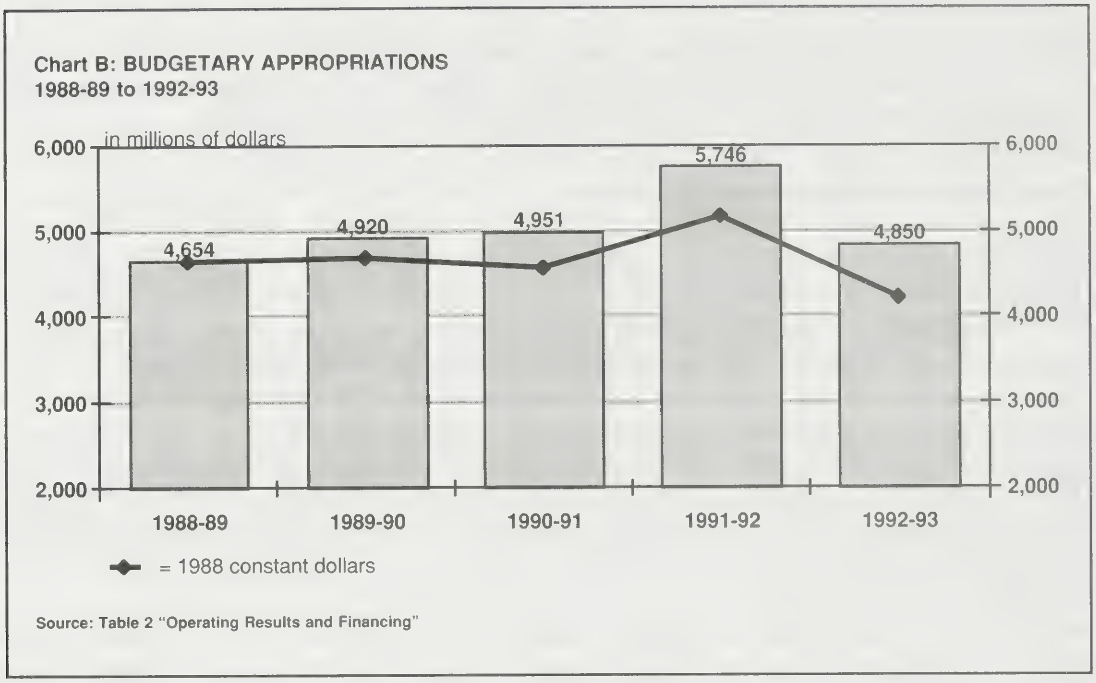
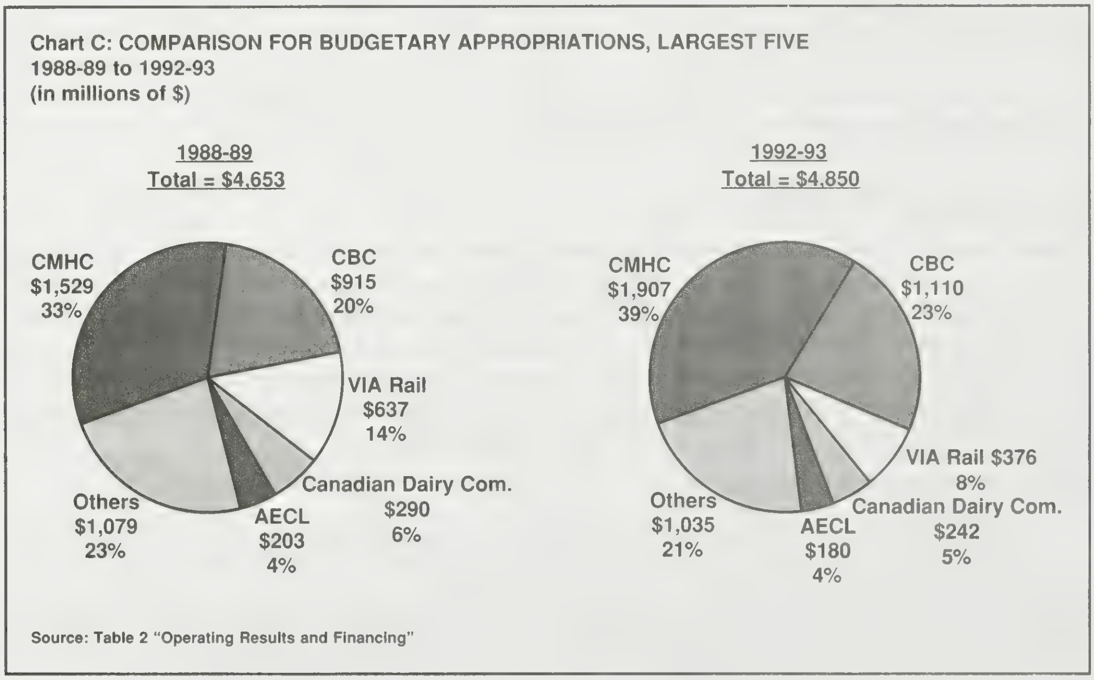


Chart C shows that five corporations accounted for 79% of the 1992-93 budgetary appropriations. Of these, two corporations, the Canada Mortgage and Housing Corporation (CMHC) and the Canadian Broadcasting Corporation (CBC), represent 62% of the total. Over the last five years appropriations to each of these two corporations has grown a little more than 20%. Appropriations to the other three have declined during this five year period; Atomic Energy of Canada Limited (AECL) by 11%; Canadian Dairy Commission by 17%; and VIA Rail Canada Inc. by 41% .

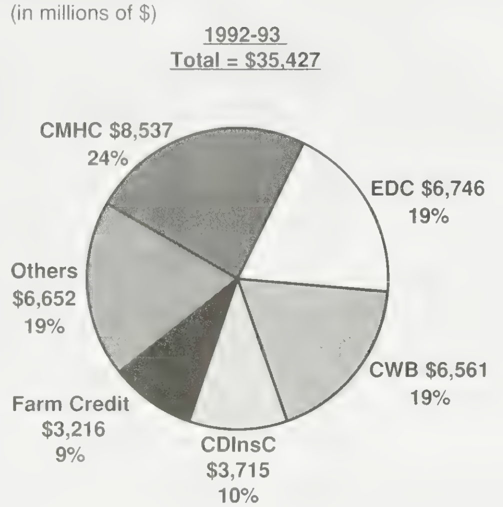


Borrowings

The total debt obligations of Crown corporations, which are permitted by the government to borrow, but excluding the Bank of Canada and Petro-Canada Limited, increased by 5.7% or $1.9 billion to $35.5 billion in 1992-93. The retirement of $0.9 billion of short term borrowings by the Canadian Wheat Board (CWB) was offset by an increase of $1.8 billion in borrowings of the Canada Deposit Insurance Corporation (CDInsC) and $0.8 billion in borrowings by the Export Development Corporation (EDC). Chart D shows that 5 corporations account for 80% of the total borrowings by Crown corporations. Borrowings by the five Crown corporations in the Financial Intermediaries sector listed in Chart A amount to $16.1 billion or 45% of the $35.5 billion total indebtedness.

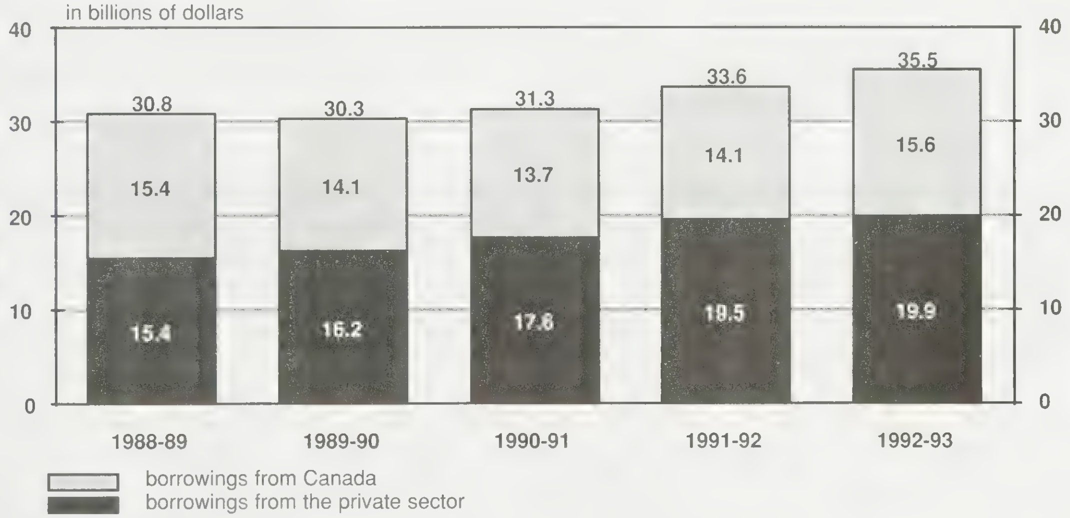
Exclusion of the borrowings for Petro-Canada Limited and for privatized Crown corporations shows that over the last five years borrowings have grown from $30.8 billion to $35.5 billion. On this basis, Chart E illustrates that borrowings from the private sector have increased by 30% from $15.4 billion in 1988-89 to $19.9 billion in 1992-93. Borrowings from Canada have remained relatively constant.

Chart D: CROWN CORPORATION BORROWINGS LARGEST FIVE
(in millions of $)



Source: Audited Financial Statements

Chart E: TOTAL BORROWINGS BY CROWN CORPORATIONS
1988-89 TO 1992-93

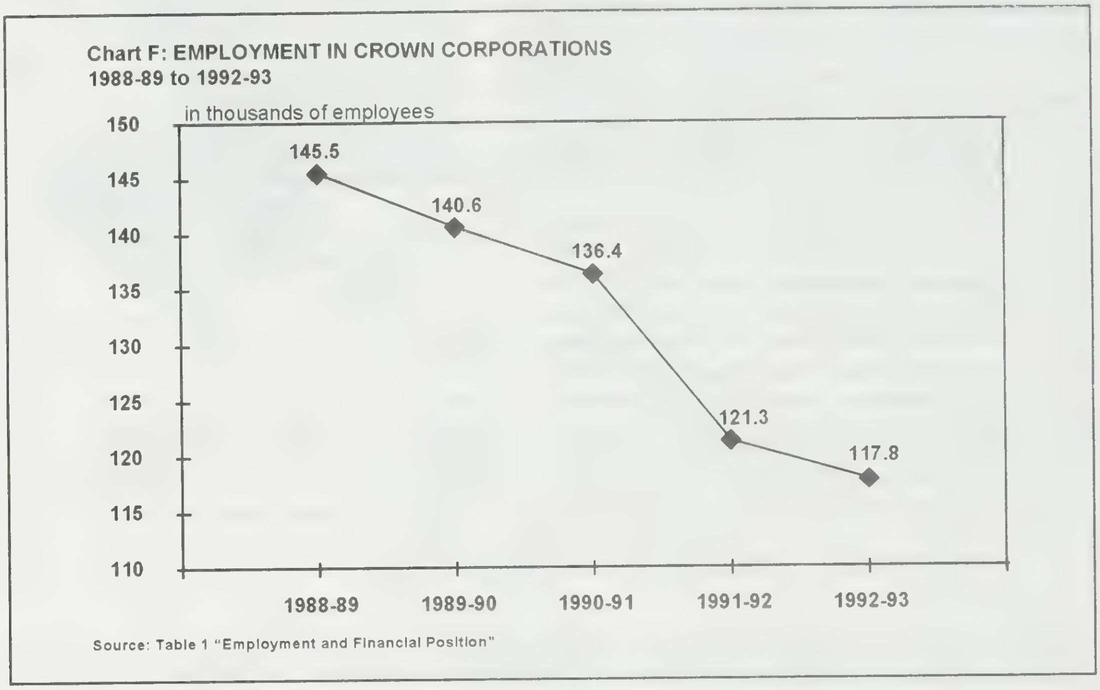


Source: Audited Financial Statements

Employment

Further productivity and efficiency gains were achieved during 1992-93. Full-time employment by Crown corporations declined by 2.8% in 1992-93 and now stands at 117,751 compared to 121,148 in 1991-92. The decline was largely accounted for by reductions in Canada Post Corporation and Canadian National Railways.

Chart F shows that over the last five years total Crown corporation employment has declined by 27,725 from 145,476 in 1988-89. Of this decline 18,906, or 68% of the reduction, came from productivity gains and rationalizations achieved by the corporations and 8,819, the balance, is attributable to the privatization of Crown corporations.



Assets

Total assets of Crown corporations increased by 5% or $2.3 billion from 1991-92 to $53.3 billion in 1992-93, attributable primarily to the Export Development Corporation and the Canada Deposit Insurance Corporation. Table 1 shows the total assets for each of the Crown corporations.

Profits and Cash Flow

The total losses of the Crown corporation portfolio increased from $1,061 million in 1991-92 to $1,628 million in 1992-93 primarily as a result of the significant losses by Canada Deposit Insurance Corporation of $861 million and by the Canadian National Railway Company of $1,005 million. These losses were partially offset by a surplus on operations of $678 million in the Canadian Wheat Board. The cash flow of Crown corporations improved from $572 million to $748 million during the same time period. Table 2, "Operating Results and Financing" presents the net income or loss and the cash flow for each Crown corporation and the totals for the portfolio.

2. SELECTED CORPORATE HIGHLIGHTS

Significant developments in the Crown corporation portfolio during 1992-93 include:

Canada Deposit Insurance Corporation: In 1992, Canada Deposit Insurance Corporation insured $302 billion of deposits in 142 member financial institutions. Following the collapse of some member institutions, the corporation protected the claims of over one million depositors totalling $14.1 billion. The Deposit Insurance Fund incurred a loss of $861 million on the sale and transfer of the assets, deposit liabilities and business operations of member institutions. To recover the fund's accumulated deficit of $1.5 billion, the board of directors recommended a 25% increase in the premium rate for 1993 to 1/8 of 1% of insurable deposits and a further 33% increase in 1994 to 1/6 of 1%, the maximum allowed by legislation.

Canada Development Investment Corporation (CDIC): As the manager for the divestiture of corporate interests, CDIC in 1992 managed the sale of the government's 53% interest in Telesat Canada to Alouette Telecommunications Inc. for proceeds of $154.8 million. A wholly-owned subsidiary of CDIC sold common shares of Cameco Corporation. Another subsidiary acquired an interest in the Hibernia oil and gas development project. The corporation also advised the government on the reorganization of Co-Enerco Resources Ltd and the divestiture of its equity interest, and has been appointed as manager of the government's significant share holding in Petro-Canada.

Canada Mortgage and Housing Corporation (CMHC): In 1992, CMHC provided $1.6 billion to assist in the operation of more than 600,000 social housing units. CMHC's Mortgage Insurance Fund (MIF) re-introduced ninety-five percent insured mortgage financing to make home ownership more accessible. Of the record 277,000 mortgages insured during the year, 64,000, or 28% were for ninety-five percent mortgages. Claims paid by the insurance fund during 1992 totalled $435 million and the MIF incurred a loss of $16 million. Mortgage insurance now in force totals $72.0 billion and total MIF assets increased 15.8% to $1.6 billion. Changes to the *Canada Mortgage and Housing Corporation Act* and the *National Housing Act* in June 1992 permit CMHC to obtain funding from, and invest in, the capital markets. CMHC intends to use this authority to directly finance mortgages for some social housing projects, and successfully floated its first bond issue of $1.0 billion in November 1993.

Canada Ports Corporation and the seven local port corporations (Ports Canada): Ports Canada revenues from operations reached a record $218 million due to the inclusion for the full year of Ridley Terminals Inc., which became a wholly owned subsidiary of Canada Ports Corporation in 1991. With the exception of the Port of Montreal, where traffic remained at the same level as the previous year, all of the other major ports recorded decreases in volume. In total, the ports handled 166.9 million tonnes of cargo, down 8.3% from the volume reported in 1991. Operating profits improved from $30.5 million to $46.7 million during the same period. A major expansion of the Roberts Bank Terminal to increase the container handling capacity of the Port of Vancouver, costed at $180 million over the next twelve years, was approved by Treasury Board in July 1993.

Canada Post Corporation: Canada Post processed a record 10.4 billion pieces of mail, a 4% increase over last year. The settlement of a labour dispute and the return to normal operations in 1992-93 contributed to the earned net income of $26 million on total revenues of $3,909 million compared to the loss of $128 million in 1991-92. For the fifth straight year, Canada Post has reported labour productivity improvements in both the pieces of mail processed and the letter carrier points of delivery per hour paid. Improvements in 1992-93 were 4.4% and 3.1% respectively. Canada Post initiated action to expand its presence in the courier business by the acquisition of a 75% interest in the business known as Purolator Courier, and negotiated a ten year outsourcing agreement for the supply of its management information services.

Canadian Broadcasting Corporation (CBC): During 1992-93, the appropriations to CBC for program production increased by 7.6%, or $79 million, to $1,110 million. In addition, CBC generated revenues of $372 million versus $378 million in the previous year. The April 1993 Budget announced that CBC's appropriations would be reduced by $50 million in 1995-96 and thereafter by $100 million a year. In July 1992, CBC achieved its accommodation plan to consolidate operations in Toronto by taking possession of the new Canadian Broadcasting Centre building which it acquired

for $500 million through the assumption of net capital lease obligations extending over a 30 year period.

Canadian Film Development Corporation (Telefilm): In 1992-93, Telefilm marked its 25th Anniversary by providing support to 359 new production and development projects. Telefilm spent $133.6 million (1991-92, $140.8 million) which was funded mainly by Parliamentary appropriations. Telefilm financial support represents approximately one-third of the total cost of the projects in which it is involved.

Canadian National Railway System (CNR): CNR reported a loss of $1,005 million in 1992 including a charge of $887 million related to a planned workforce reduction. The workforce will be reduced by one-third or some 11,000 positions by 1995 and low density portions of the network are to be streamlined as part of a restructuring plan.

The Canadian Wheat Board (CWB): CWB had a surplus on operations in each of its four pool accounts totalling $678 million versus deficits in three of the accounts in the previous year. Exports of grains and oilseeds from Western Canada reached new records in the 1991-92 crop year. Declining world stocks of wheat and lower production by major importing countries permitted some recovery in prices from prior years. New arrangements were introduced during the year to permit producers to move grains directly to U.S. customers. Export of grains from Western Canada to the U.S. during 1991-92 totalled 1.0 million tonnes.

Cape Breton Development Corporation (DEVCO): In 1992-93 DEVCO, which operates the largest coal mining facility in eastern Canada, recorded its first operating profit on current operations in five years. The operating profit of $8.7 million represented a $15.2 million improvement over 1991-92. The corporation's first environment audit was completed in 1992-93 and has resulted in the development of remedial programs for each operating site which will be completed within the next two years.

Export Development Corporation (EDC): The volume of exports financed and insured by EDC during 1992 totalled a record $9.5 billion up 37.7% from $6.9 billion in 1991. It is estimated that the exports supported by the EDC in 1992 represented approximately 329,000 person-years of employment to Canadians. To fund its increased loan activity and to better manage the maturity structure of its existing assets and liabilities, EDC increased its long term borrowings by $1.1 billion. Amendments to the *Export Development Act* in June 1993 significantly broaden EDC's powers to assist exporters. Subject to regulatory approval, EDC will be able to lend for purposes indirectly related to exporting, invest equity in a project and provide consulting services.

Farm Credit Corporation (FCC): Despite a reduction in lending volume to $277 million in 1992-93 compared with $335 million in 1991-92, the corporation remains the largest single lender of long-term farm mortgage credit in Canada. The corporation's head office was relocated to Regina from Ottawa in September 1992. The *Farm Credit Corporation Act* was amended in April 1993 to enable FCC to provide financing for on-farm diversification and value-added operations beyond the farm gate.

International Development Research Centre (IDRC): During 1992-93, IDRC completed the restructuring of programs and operations at its Head Office and Regional Offices which had been initiated in 1991-92. These measures resulted in a workforce reduction of approximately 20%. In June 1992 the government announced a broadened mandate for IDRC and invited the Secretary General of the United Nations to propose 10 non-Canadians for appointment to the board of directors.

Pilotage Authorities: The four pilotage authorities -- Atlantic, Great Lakes, Laurentian, and Pacific -- all suffered from the negative impact of lower traffic volumes in 1992. The Atlantic and Laurentian authorities had declines of 20% and 10% respectively in the number of pilotage assignments, as compared to 1991. Only the Pacific Pilotage Authority was able to record a profit in 1992 while the other three authorities have now recorded losses in each of the last three years.

Royal Canadian Mint (RCM): a study of the feasibility of privatizing the RCM was completed and the government decided not to proceed with its privatization at the present time.

VIA Rail Canada Inc. (VIA): In 1992, VIA increased its revenues by $5.6 million or 4% to $155.8 million while reducing the total funding from the government by $3.9 million to $388.9 million. The April 1993 Budget announced that VIA's appropriations would be reduced by $50 million in 1995-96 and thereafter by $100 million a year. The 1992 Report of the Royal Commission on National Passenger Transportation recommended that subsidies for passenger rail be phased out over a ten year period. VIA is preparing a 15-year directional plan which will provide the government with viable options for passenger rail in the longer term taking into account the recommendations of the Royal Commission.

Significant Developments in the Other Corporate Interests of Canada During 1992-93

Cameco Corporation: Following an earlier sale in 1992, the government sold 5 million Cameco Corporation shares in June 1993 through a public offering which yielded net proceeds of $98.4 million and reduced the government's ownership interest in Cameco Corporation to 9.6% (5 million shares) held by Canada Eldor Company, a wholly-owned subsidiary of Canada Development Investment Corporation.

Canada Hibernia Holding Corporation: In March 1993, Canada Hibernia Holding Corporation was created as a wholly-owned subsidiary of Canada Development Investment Corporation to acquire and assume responsibility for the federal government's 8.5% equity interest in the Hibernia Development Project, a major oil and gas field in Canadian territorial waters off the east coast. The other members of the investment consortium are Petro-Canada, Mobil Oil Canada, Chevron Canada Resources, and Murphy Oil Corporation. The Hibernia Development Project is among the largest ongoing construction projects in North America and is expected to provide approximately 25,000 direct and indirect jobs in Newfoundland during the construction period, as well as thousands of jobs in other parts of Canada in the steel, communications, manufacturing and service sectors.

Cooperative Energy Corporation: The government's 38.5% equity interest in Co-Enerco Resources Ltd., has been held through the Cooperative Energy Corporation, a holding company owned jointly by the government and 37 co-operatives. During the past year all of the government's indirectly held shares in Co-Enerco Resources Ltd., a public oil and gas exploration and development company, were sold. The federal government's share of the proceeds was $73 million.

Petro-Canada: In 1992, Petro-Canada markedly improved its operating performance by sharply cutting operating and overhead costs. Net income was $9 million compared to a loss of $598 million in 1991. Cash flow from operations improved 77% from $292 million to $517 million while long term debt obligations were reduced by $574 million following the sale of some non-core assets.

Under the *Petro-Canada Public Participation Act*, treasury shares were offered to the public for the first time in 1991. A second issue of 30.35 million treasury shares in a public offering in December 1992 netted proceeds of $240.4 million, and reduced the government's ownership interest to 70.3%. The government's equity interest of 173.3 million shares have a current market value of $12-13 per share. This interest represents approximately $1.9 billion of Petro-Canada's reported shareholders' equity as at December 31, 1992. Canada's ownership interest in Petro-Canada is currently being managed by the Canada Development Investment Corporation.

3. SUMMARY FINANCIAL AND EMPLOYMENT INFORMATION FOR CROWN CORPORATIONS

This report covers the following corporations as at July 31, 1993:

- the 41 parent Crown corporations listed in Schedule III of the FAA, 28 in Schedule III, Part I and 13 in Schedule III, Part II;
- seven parent Crown corporations which, pursuant to section 85(1) of the FAA, are exempt from the provisions of Divisions I to IV of Part X of the FAA;
- one subsidiary of a parent corporation which, by Order pursuant to section 86(2) of the FAA, reports its affairs as if it was a parent Crown corporation: Old Port of Montreal Corporation Inc.; and
- five former parent Crown corporations which were dissolved during the year under review.

This portfolio of parent Crown corporations is unique. It is a highly diversified portfolio composed of corporations operating in many sectors of the Canadian economy, of widely varying size, with differing demands on the government for financial support and with each corporation having its own public policy purpose. To assist readers, the tables presented in this section have been prepared from three different perspectives.

These three tables fulfil the legislated requirements in section 151 of the *Financial Administration Act* (FAA) that the President of the Treasury Board table before each House of Parliament an annual consolidated report on the businesses and activities of all parent Crown corporations for their financial years ending on or before the previous July 31. The tables present financial and employment information for each Crown corporation and aggregated totals for the entire Crown corporation portfolio. The audited financial statements for each Crown corporation, from which most of the data were extracted, are found as the Annex to this Report.

Employment and Financial Position: Grouped by Sector. Table 1

Table 1 categorizes the portfolio of Crown corporations by the broad sectors of the Canadian economy in which they operate: agriculture and fisheries; cultural; development and construction; energy and resources; financial intermediaries; government services; housing; transportation; postal services; inactive and other. Employees totalled 117,751. The Crown corporations in the transportation sector had 44,653 employees or 38% of the total number of employees engaged by Crown corporations. It also accounted for 57% of the government's investment in Crown corporations as measured by shareholder equity. In the postal services sector, Canada Post had 44,683 employees or 38% of the total. The housing and cultural sectors also represented significant proportions of the total portfolio.

This table presents employment and financial information that indicates for each corporation and each sector of the portfolio the relative size (as measured by total employees and assets) and the financial condition (as indicated by the measures of total assets, current liabilities, long-term liabilities and shareholder's equity). The charges against the total assets of the portfolio of $53.3 billion were $12.6 billion for current liabilities and $32.8 billion for long-term liabilities leaving a net shareholder's equity of $7.9 billion.

Operating Results and Financing: Grouped by the FAA Schedules. Table 2

Table 2 presents data according to the classification of parent Crown corporations set out in the *Financial Administration Act* (FAA): Schedule III, Part I; Schedule III, Part II; and those exempted from Divisions I to IV of Part X of the FAA. Schedule III, Part I parent Crown corporations normally operate in government program-oriented environments and normally depend in part on government appropriations for operating purposes or for equity for lending purposes. Schedule III, Part II parent Crown corporations usually operate in commercial and frequently competitive environments and are not normally dependent on appropriations for operating purposes. There is also a reasonable expectation that they will earn a return on equity and pay dividends to the government. The Exempt parent Crown corporations are required to follow the accountability and control provisions of their specific legislation instead of that established in Part X of the FAA.

In terms of operating results, the corporations had total losses during the year of $1.6 billion and generated cash flow of $748 million (Table 2). In terms of financing, the corporations increased their net borrowings by $1.4 billion from the Government of Canada. During the year funding received from the government through budgetary appropriations totalled $4.9 billion.

Comparison of Financial Position and Recorded Investment of Government: Grouped by Consolidation Status. Table 3

The Government of Canada categorizes the Crown corporations in its Accounts in one of two ways -- Consolidated or Unconsolidated. The Consolidated corporations generally rely on government funding as their principle source of revenue. The Unconsolidated corporations, the enterprise Crown corporations, generally do not depend on parliamentary appropriations and obtain their operating funding from the sale of goods and services to outside parties. Table 3 compares for the two categories, the financial position as presented in each parent Crown corporation's financial statements with the investment the government records in the Accounts of Canada at its year-end March 31, 1993. Those corporations with fiscal year-ends other than March 31 provide unaudited financial data. The consolidated total assets reported by the corporations equals $53.1 billion and the liabilities total $45.5 billion leaving a net shareholder equity of $7.6 billion. However, the government records a total equity investment of only $5.1 billion in Crown corporations.

The $2.5 billion difference between the amount reported by Crown corporations and that reported by the Government of Canada results primarily from the different accounting methods for the corporations versus the Accounts of Canada.

Each individual Crown corporation is required by section 131(4) of the FAA to prepare its financial statements in accordance with the generally accepted accounting principles prescribed for commercial private sector corporations. These differ from the stated accounting policies of the Government of Canada both in terms of revenue and expenditure recognition and in terms of the accounting treatment of capital expenditures and shareholder investments.

In the Accounts of Canada, the financial statements of the Consolidated corporations are adjusted so that their transactions are reflected in exactly the same manner as if the corporations were an integral part of the government. For example, capital investments in property by the corporations paid for by government appropriations are recognized as simply expenditures in the Accounts of Canada. However, the corporations typically record the monies received for capital as an investment by the shareholder and therefore report higher shareholder investments than does the Accounts of Canada although any profits or losses of the corporations are generally recognized in the Accounts of Canada.

In the Accounts of Canada the value of Unconsolidated or enterprise Crown corporations are recognized on the basis of the lower of their cost or their net realizable value. The government recognizes any profits generated by these corporations only to the extent the corporations pay dividends to the government. Losses are recognized indirectly. When it is judged that the value of the government's investment in the corporation has declined due to the losses, the Accounts of Canada contain a reserve against the recorded investment in the corporation. This results in Canada reporting a smaller total equity investment than the Crown corporations.

Explanations of the terminology used and notes pertaining to Tables 1, 2 and 3 follow the tables.

TABLE 1

EMPLOYMENT AND FINANCIAL POSITION
FOR CROWN CORPORATIONS: GROUPED BY SECTOR
(as of year-ends on or before July 31, 1993; $ millions)

Corporations By Sector	Corporate Year-end	Employment[8]	Financial Position: Total Assets	Current Liabilities	Long-term Liabilities	Shareholder's Equity
Agriculture and Fisheries Sector:						
Canadian Dairy Commission	July 31	62	248.9	65.1	183.8	nil
Canadian Saltfish Corporation	March 31	13	1.9	3.7	0.2	(1.9)
Canadian Wheat Board, The	July 31	443	7,296.4	942.1	6,354.4	nil
Freshwater Fish Marketing Corporation	April 30	40	19.2	14.7	0.5	4.0
Total Agriculture and Fisheries Sector		558	7,566.4	1,025.6	6,538.9	2.1
Cultural Sector:						
Canada Council	March 31	234	194.4	31.3	nil	163.1
Canadian Broadcasting Corporation	March 31	9,337	1,582.8	227.3	581.2	774.3
Canadian Film Development Corporation	March 31	182	33.0	9.4	0.9	22.7
Canadian Museum of Civilization	March 31	525	25.6	7.0	4.2	14.4
Canadian Museum of Nature	March 31	251	7.3	3.4	3.2	0.8
National Arts Centre Corporation	August 31	307	16.5	6.3	1.1	9.2
National Gallery of Canada	March 31	286	18.4	5.5	3.5	9.4
National Museum of Science and Technology	March 31	227	9.4	2.4	1.6	5.4
Total Cultural Sector		11,349	1,887.4	292.6	595.7	999.3
Development and Construction Sector:						
Canada Lands Company Limited	March 31	-	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	March 31	-	0.5	0.3	nil	0.2
Canada Museums Construction Corporation Inc.[2,5]	March 31	-	2.6	3.0	nil	(0.3)
Defence Construction (1951) Limited	March 31	240	2.6	2.5	1.9	(1.8)
National Capital Commission	March 31	727	362.5	25.6	6.8	330.2
Old Port of Montreal Corporation Inc.[1]	March 31	74	8.0	7.7	0.3	nil
Queens Quay West Land Corporation[3]	March 31	6	23.6	7.0	25.1	(8.5)
Total Development and Construction Sector		1,047	399.8	46.1	34.1	319.8
Energy and Resources Sector:						
Atomic Energy of Canada Limited	March 31	4,431	1,321.8	614.9	101.1	605.7
Cape Breton Development Corporation	March 31	2,335	356.8	55.2	51.1	250.6
Petro-Canada Limited	December 31	-	519.0	13.0	499.0	7.0
Total Energy and Resources Sector		6,766	2,197.6	683.1	651.2	863.3
Financial Intermediaries Sector:						
Canada Deposit Insurance Corporation[9]	December 31	94	2,885.2	2,340.7	1,995.2	(1,450.7)
Enterprise Cape Breton Corporation	March 31	45	5.2	2.7	nil	2.5
Export Development Corporation	December 31	512	8,107.2	2,813.5	4,414.4	879.2
Farm Credit Corporation	March 31	718	3,623.0	799.9	2,534.6	288.6
Federal Business Development Bank	March 31	989	2,763.9	657.7	1,830.7	275.5
Total Financial Intermediaries Sector		2,358	17,384.5	6,614.5	10,[illegible]74.9	(4.9)
Government Services Sector:						
Bank of Canada[4]	December 31	2,128	-	-		..
Canada Development Investment Corporation	December 31	9	278.4	336.2	300.0	(357.8)
Canadian Commercial Corporation	March 31	81	47[illegible].2	456.5	[illegible]	15.8

Royal Canadian Mint	December 31	763	102.7	22.8	11.6	68.3
Standards Council of Canada	March 31	63	2.6	1.0	0.3	1.2
Total Government Services Sector		3,044	856.9	816.5	312.7	(272.5)
Housing Sector:						
Canada Mortgage and Housing Corporation		2,955				
Corporate Account	December 31		8,741.4	428.2	8,263.3	50.0
Minister's Account	December 31	-	nil	nil	nil	nil
Mortgage Insurance Fund	December 31	-	1,550.7	6.1	1,466.6	77.9
Securities Guarantee Fund	December 31	-	30.6	nil	21.1	9.5
Loan Insurance Fund	December 31	-	1.5	nil	nil	1.5
Rental Guarantee Fund	December 31	-	17.9	nil	nil	17.9
Total Housing Sector		2,955	10,342.1	434.3	9,751.0	156.8
Postal Services Sector:						
Canada Post Corporation	March 31	44,683	2,494.1	685.8	471.1	1,337.3
Transport Sector:						
Atlantic Pilotage Authority	December 31	75	2.4	1.0	0.7	0.7
Canada Ports Corporation	December 31	279	217.9	43.3	226.5	(51.8)
Canadian National Railway Company	December 31	35,281	7,051.6	1,732.6	2,827.8	2,491.1
Great Lakes Pilotage Authority, Ltd.	December 31	89	2.9	2.2	3.2	(2.5)
Halifax Port Corporation	December 31	88	65.9	2.2	0.8	62.8
Laurentian Pilotage Authority	December 31	256	7.1	6.6	0.8	(0.3)
Marine Atlantic Inc.	December 31	2,175	432.4	41.3	394.6	(3.5)
Montréal Port Corporation	December 31	401	222.9	9.7	8.5	204.6
Pacific Pilotage Authority	December 31	173	8.0	2.6	0.5	4.8
Port of Québec Corporation	December 31	96	64.8	3.2	4.4	57.1
Prince Rupert Port Corporation	December 31	16	111.5	1.7	16.2	93.6
Saint John Port Corporation	December 31	48	88.5	2.2	40.3	45.9
St. John's Port Corporation	December 31	14	16.9	0.9	1.1	14.9
St. Lawrence Seaway Authority, The	March 31	859	593.1	22.0	13.0	558.1
Jacques Cartier and Champlain Bridges Incorporated[2]	March 31	45	20.4	3.3	0.4	16.7
Seaway International Bridge Corp. Ltd.[2]	December 31	20	2.2	2.0	0.3	negl.
Vancouver Port Corporation	December 31	220	328.4	16.5	4.2	307.8
Canada Harbour Place Corporation[2,5]	March 31	24	62.3	0.3	nil	62.0
VIA Rail Canada Inc.	December 31	4,494	866.4	123.5	66.3	676.6
Total Transportation Sector		44,653	10,165.6	2,017.1	3,609.6	4,538.6
Other						
International Development Research Centre	March 31	338	18.1	13.8	4.2	0.1
Inactive						
Canadian Institute for International Peace and Security[6]	March 31	nil	0.1	nil	nil	nil
Canadian National (West Indies) Steamships, Ltd.[5]	December 31	-	negl.	nil	nil	negl.
Canadian Patents and Development Limited[5]	March 31	n.a.	n.a.	n.a.	n.a.	n.a.
International Centre for Ocean Development[6]	March 31	nil	3.3	1.7	nil	1.6
Teleglobe Canada[7]	December 31	-	0.3	negl.	nil	0.3
Total Inactive		nil	3.7	1.7	nil	1.9
Grand Total, parent Crown corporations		117,751	53,316.2	12,631.1	32,743.3	7,941.8

See Notes following these tables.

negl. = negligible, n.a. = not available, — = not applicable

TABLE 2

OPERATING RESULTS AND FINANCING
FOR CROWN CORPORATIONS: GROUPED BY THE FAA SCHEDULES
(as of year-ends on or before July 31, 1993; $ millions)

Corporations	Operating Results		Financing		
			Changes to Net Borrowings from:		
	Net Income (Loss)	Cash Flow	Private Sector	Canada	Budgetary Appropriations
FAA Schedule III-I:					
Atlantic Pilotage Authority	(1.5)	(1.2)	(0.3)	nil	1.8
Atomic Energy of Canada Limited	10.1	21.6	(2.1)	(31.1)	180.3
Canada Deposit Insurance Corporation	(860.7)	35.4	nil	1,811.3	nil
Canada Lands Company Limited	nil	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	nil	nil	nil	nil	nil
Canada Museums Construction Corporation Inc.[2,5]	nil	nil	nil	nil	nil
Canada Mortgage and Housing Corporation					
Corporate Account	11.8	21.3	(0.9)	(133.0)	nil
Minister's Account	nil	nil	nil	nil	1,907.1
Mortgage Insurance Fund	(16.4)	174.1	nil	nil	nil
Securities Guarantee Fund	4.0	10.2	nil	nil	nil
Loan Insurance Fund	0.1	nil	nil	nil	nil
Rental Guarantee Fund	0.2	nil	nil	nil	nil
Canadian Commercial Corporation	(0.4)	(0.4)	(41.4)	nil	13.5
Canadian Dairy Commission	13.8	n.a.	2.7	14.1	241.9
Canadian Museum of Civilization	(38.2)	(35.0)	nil	nil	39.2
Canadian Museum of Nature	(18.7)	(17.5)	nil	nil	19.1
Canadian National (West Indies) Steamships, Ltd.[5]	0.3	n.a.	nil	(0.3)	nil
Canadian Patents and Development Limited[5]	n.a.	n.a.	nil	nil	n.a.
Canadian Saltfish Corporation	(1.9)	(1.4)	nil	(29.5)	29.0
Cape Breton Development Corporation	(43.0)	2.6	nil	(30.0)	31.0
Defence Construction (1951) Limited	0.2	0.8	nil	nil	14.8
Enterprise Cape Breton Corporation	(12.4)	(10.1)	nil	nil	10.1
Export Development Corporation	44.2	145.1	832.6	nil	nil
Farm Credit Corporation	20.4	53.4	(14.9)	(68.8)	nil
Federal Business Development Bank	(24.7)	36.5	114.3	nil	15.2
Freshwater Fish Marketing Corporation	0.2	1.7	2.3	(4.6)	nil
Great Lakes Pilotage Authority, Ltd.	(1.1)	(0.9)	nil	nil	1.9
International Centre for Ocean Development[6]	(8.2)	(8.4)	nil	nil	11.9
Laurentian Pilotage Authority	(4.9)	(4.8)	(0.3)	nil	6.3
Marine Atlantic Inc.	(0.3)	(0.7)	nil	nil	122.8
National Capital Commission	(12.7)	(4.0)	nil	nil	89.7
National Gallery of Canada	(29.8)	(27.7)	nil	nil	29.3
National Museum of Science and Technology	(16.2)	(15.0)	nil	nil	16.1
Old Port of Montreal Corporation Inc.[1]	(22.3)	(3.8)	nil	nil	21.5
Pacific Pilotage Authority	1.7	1.9	nil	nil	nil
Queens Quay West Land Corporation[3]	(2.3)	(2.3)	nil	10.4	nil
St. Lawrence Seaway Authority, The	(8.9)	3.6	nil	nil	37.4
Jacques Cartier and Champlain Bridges Incorporated[2]	(32.3)	(31.1)	nil	nil	31.4

Seaway International Bridge Corp. Ltd.[2]	1.7	1.9	nil	nil	nil
Standards Council of Canada	0.2	0.3	nil	nil	5.8
VIA Rail Canada Inc.	(33.0)	12.2	nil	nil	376.0
Total FAA Schedule III-I Corporations	(1,081.1)	358.2	892.2	1,538.6	3,253.1
FAA Schedule III-II:					
Canada Development Investment Corporation	(67.2)	0.9	(91.2)	(20.7)	nil
Canada Ports Corporation	11.8	19.4	(17.3)	(0.6)	12.8
Canada Post Corporation	25.6	230.9	nil	nil	14.0
Canadian National Railway Company	(1,005.2)	199.2	1.8	(16.0)	5.8
Halifax Port Corporation	negl.	2.3	nil	(2.7)	nil
Montréal Port Corporation	5.0	15.1	nil	(0.5)	nil
Petro-Canada Limited	3.0	(11.0)	(492.0)	nil	nil
Port of Québec Corporation	(1.0)	2.0	nil	nil	nil
Prince Rupert Port Corporation	0.9	3.4	nil	(52.2)	nil
Royal Canadian Mint	9.0	12.0	nil	(2.7)	nil
Saint John Port Corporation	0.2	3.0	nil	(0.7)	0.5
St. John's Port Corporation	0.7	1.5	nil	(1.6)	nil
Teleglobe Canada[7]	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	23.3	30.9	nil	(0.3)	nil
Canada Harbour Place Corporation[2,5]	(1.7)	0.3	nil	nil	nil
Total FAA Schedule III-II corporations	(995.7)	510.0	(598.7)	(97.9)	33.0
Total FAA Schedule III Corporations	(2,076.9)	868.2	293.5	1,440.6	3,286.1
Exempt (FAA Unscheduled)					
Bank of Canada[4]	-	-	-	-	-
Canada Council	(0.7)	(0.2)	nil	nil	108.0
Canadian Broadcasting Corporation	(76.4)	26.6	435.3	nil	1,109.7
Canadian Film Development Corporation	(133.6)	(131.9)	nil	nil	144.5
Canadian Institute for International Peace and Security[6]	0.2	0.3	nil	nil	2.0
Canadian Wheat Board, The	678.3	n.a.	(876.9)	nil	63.3
International Development Research Centre	1.9	3.4	nil	nil	117.1
National Arts Centre Corporation	(21.0)	(18.3)	nil	nil	19.7
Total, exempt corporations	448.9	(120.2)	(441.5)	nil	1,564.3
Grand Total, parent Crown corporations	(1,628.0)	748.0	(148.0)	1,440.6	4,850.5

See Notes following these tables.

negl. = negligible, n.a. = not available, - = not applicable

TABLE 3

COMPARISON OF FINANCIAL POSITION AND RECORDED INVESTMENT OF GOVERNMENT FOR CROWN CORPORATIONS: GROUPED BY CONSOLIDATION STATUS

(as at March 31, 1993; $ millions)[10,11]

	Financial Position				Recorded Investment of Government		
		Liabilities					
Corporations	Total Assets	Private Sector and Other	Govern- ment	Total Liabilities	Loans and Advances	Equity Investment	Total
Consolidated:							
Canada Council	144.9	27.8	0.8	28.6	nil	nil	nil
Canada Lands Company Limited	nil	nil	nil	nil	nil	nil	nil
Canada Lands (Vieux-Port de Québec) Inc.[2]	0.5	negl.	0.3	0.3	nil	nil	nil
Canada Museums Construction Corporation Inc.[2,5]	2.6	3.0	nil	3.0	nil	nil	nil
Canada Mortgage and Housing Corporation							
Minister's Account	nil	nil	nil	nil	nil	nil	nil
Canadian Broadcasting Corporation	1,582.8	772.7	35.8	808.5	33.0	nil	33.0
Canadian Dairy Commission	138.8	116.2	22.6	138.8	22.5	nil	22.5
Canadian Film Development Corporation	33.0	10.1	0.1	10.2	nil	nil	nil
Canadian Institute for International Peace and Security[6]	0.1	negl.	nil	nil	nil	nil	nil
Canadian Museum of Civilization	25.6	11.0	0.2	11.2	nil	nil	nil
Canadian Museum of Nature	7.4	5.6	0.5	6.1	nil	nil	nil
Canadian National (West Indies) Steamships, Ltd.[5]							
Canadian Patents and Development Limited[5]							
Defence Construction (1951) Limited	2.6	3.9	0.5	4.4	nil	nil	nil
Enterprise Cape Breton Corporation	5.2	2.7	negl.	2.7	nil	nil	nil
International Centre for Ocean Development[6]	3.3	1.3	0.4	1.7	nil	nil	nil
International Development Research Centre	18.1	17.9	0.1	18.0	nil	nil	nil
Marine Atlantic Inc.	415.0	414.3	1.1	415.4	nil	nil	nil
National Arts Centre Corporation	16.4	4.7	0.5	5.2	nil	nil	nil
National Capital Commission	362.5	30.4	2.0	32.4	nil	nil	nil
National Gallery of Canada	18.4	7.8	1.1	8.9	nil	nil	nil
National Museum of Science and Technology	9.4	3.7	0.3	4.0	nil	nil	nil
Old Port of Montreal Corporation Inc.[1]	8.0	7.9	0.1	8.0	nil	nil	nil
Queens Quay West Land Corporation[3]	23.6	6.4	25.7	32.1	25.1	nil	25.1
St. Lawrence Seaway Authority, The - Subsidiary							
Jacques Cartier and Champlain Bridges Incorporated[2]	20.4	3.6	0.1	3.7	nil	nil	nil
Standards Council of Canada	2.6	1.3	negl.	1.3	nil	nil	nil
Vancouver Port Corporation				0.0			
Canada Harbour Place Corporation[2,5]	62.3	0.3	nil	0.3	nil	nil	nil
VIA Rail Canada Inc.	859.7	145.9	44.2	190.1	nil	9.3	9.3
Total, consolidated corporations	3,763.2	1,598.5	136.4	1,734.9	80.6	9.3	89.9

Unconsolidated:							
Atlantic Pilotage Authority	1.9	1.5	negl.	1.5	nil	nil	nil
Atomic Energy of Canada Limited	1,224.8	228.9	487.2	716.1	402.7	164.2	566.9
Bank of Canada[4]	-	-	-	-	-	-	-
Canada Deposit Insurance Corporation	2,212.3	616.4	3,108.5	3,724.9	3,085.0	nil	3,085.0
Canada Development Investment Corporation	152.1	618.8	17.6	636.4	nil	395.7	395.7
Canada Mortgage and Housing Corporation							
Corporate Account	8,577.8	224.0	8,303.8	8,527.8	8,180.5	25.0	8,205.5
Administered Funds	1,587.5	1,478.1	3.7	1,481.8	nil	nil	nil
Canada Ports Corporation	237.8	198.8	68.6	267.4	50.6	nil	50.6
Canada Post Corporation	2,494.1	950.0	206.9	1,156.9	80.0	nil	80.0
Canadian Commercial Corporation	473.2	456.0	1.4	457.4	nil	nil	nil
Canadian National Railway Company	7,134.9	4,494.3	169.3	4,663.6	117.0	2,278.9	2,395.9
Canadian Saltfish Corporation	1.9	0.5	3.3	3.8	3.3	nil	3.3
Canadian Wheat Board, The	7,992.2	7,964.0	28.2	7,992.2	nil	nil	nil
Cape Breton Development Corporation	356.8	104.3	1.9	106.2	30.0	nil	30.0
Export Development Corporation	8,334.4	7,460.3	13.3	7,473.6	nil	788.2	788.2
Farm Credit Corporation	3,623.0	860.1	2,474.3	3,334.4	2,419.9	1,118.3	3,538.2
Federal Business Development Bank	2,763.9	2,488.0	0.4	2,488.4	nil	303.4	303.4
Freshwater Fish Marketing Corporation	19.0	18.2	0.8	19.0	2.5	nil	2.5
Great Lakes Pilotage Authority, Ltd.	0.7	3.6	nil	3.6	nil	nil	nil
Halifax Port Corporation	65.6	2.4	negl.	2.4	nil	nil	nil
Laurentian Pilotage Authority	3.5	5.5	nil	5.5	nil	nil	nil
Montréal Port Corporation	215.6	12.7	5.7	18.4	5.2	nil	5.2
Pacific Pilotage Authority	8.1	3.0	nil	3.0	nil	nil	nil
Petro-Canada Limited	504.9	505.6	nil	505.6	nil	nil	nil
Port of Québec Corporation	63.7	4.1	3.8	7.9	nil	nil	nil
Prince Rupert Port Corporation	111.9	1.8	16.5	18.3	16.6	nil	16.6
Royal Canadian Mint	107.9	27.1	8.8	35.9	8.2	40.0	48.2
Saint John Port Corporation	88.9	21.7	20.7	42.4	20.1	nil	20.1
St. John's Port Corporation	15.9	0.7	0.1	0.8	nil	nil	nil
St. Lawrence Seaway Authority, The	592.4	34.3	nil	34.3	nil	nil	nil
Seaway International Bridge Corp. Ltd.[2]	1.0	0.8	0.2	1.0	nil	nil	nil
Teleglobe Canada[7]	0.3	nil	negl.	negl.	nil	nil	nil
Vancouver Port Corporation	327.0	20.0	33.0	53.0	3.0	nil	3.0
Total, unconsolidated corporations	49,295.0	28,805.5	14,978.0	43,783.5	14,424.6	5,113.7	19,538.3
Grand Total, all parent Crown corporations	53,058.2	30,404.0	15,114.4	45,518.4	14,505.2	5,123.0	19,628.2[13]

See Notes following these tables.

negl. = negligible, — = not applicable

Terminology for the Tables

As shown in Table 1, the year-ends of the corporations vary (i.e. March, April, July, August and December). The data for individual corporations are from their most current financial year-end on or before July 31, 1993. For those corporations which ceased to be Crown corporations during the 1992-93 reporting period, the data provided are immediately preceding the change in status. These terms used in Tables 1, 2 and 3 are based on the following definitions.

TABLE 1: EMPLOYMENT AND FINANCIAL POSITION FOR CROWN CORPORATIONS: GROUPED BY SECTOR

- **Total Assets**: represents all assets reported by the corporation in its audited financial statements.
- **Current and Long-term Liabilities**: include obligations (defined as short-term and long-term borrowings and capital leases) and other liabilities (accounts payable, accruals, and deferrals and other). The sum of current and long-term liabilities is the total liabilities.
- **Shareholder's Equity**: represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations (i.e., marketing boards).
- **Employment**: is the number of employees as at the financial year-end of the corporation. The data relate to full-time employment in all parent Crown corporations listed in the *Financial Administration Act* and their wholly-owned subsidiaries at corporate year-end, as provided by the corporations.

TABLE 2: OPERATING RESULTS AND FINANCING FOR CROWN CORPORATIONS: GROUPED BY THE FAA SCHEDULES

- **Net Income (Loss)**: is after taxes, where applicable, and all extraordinary items. It includes Parliamentary appropriations where the corporations have included these in the calculation of Net Income (Loss). In some cases, Net Income (Loss) is the "Excess of Parliamentary appropriations over cost of operations" or "Excess of Proceeds over Expenditures".
- **Cash Flow**: is defined as Net Income (Loss) from operations plus or minus non-cash charges (or credits) to operations, for example, depreciation, amortization, gain on disposal of assets, write-down of properties, etc. Cash flow does not include changes in working capital items. It does include Parliamentary appropriations where the corporation includes these in the calculation of net income.
- **Changes in Net Borrowings From**: includes changes during the financial period in outstanding long-term and short-term borrowings and capital leases.
- **Budgetary Appropriations**: are Parliamentary appropriations for capital and operating purposes. The amounts exclude grants and contributions paid to Crown corporations where they qualify as members of a general class of recipients. An example of such an exclusion is payments to the Canadian National Railway Company under the *Maritime Freight Rates Act*. Budgetary appropriations increase the expenditures of Canada and thus have a direct impact on the federal deficit.

TABLE 3: COMPARISON OF FINANCIAL POSITION AND RECORDED INVESTMENT OF GOVERNMENT FOR CROWN CORPORATIONS: GROUPED BY CONSOLIDATION STATUS

- **Loans and Advances, and Equity Investment** represent amounts recorded as assets (financial claims represented by debt instruments and ownership interests) in the accounts of Canada.

Notes to Tables

Notes Common to Tables 1, 2 and 3:

1. The Crown corporation portfolio consists of 48 parent Crown corporations and one wholly-owned subsidiary corporation -- the Old Port of Montreal Corporation Inc. -- which has been directed to report as a parent corporation. In addition, the tables include five inactive parent Crown corporations which were dissolved during the year and are included in this report as a final reference and the two parent Crown corporations that became subsidiaries of two other parent Crown corporations (see notes 5, 6 and 7 below).

2. Five wholly-owned subsidiaries have been added to the tables because their financial affairs are not consolidated with their parent Crown corporation: Canada Lands Company (Vieux-Port de Québec) Inc., Canada Museums Construction Corporation Inc., The Jacques Cartier and Champlain Bridges Incorporated, The Seaway International Bridge Corporation, Ltd. and Canada Harbour Place Corporation.

3. Formerly known as Harbourfront Corporation. Pursuant to Order-in-Council P.C. 1993-1354, 16/03/93, the corporation's name was changed to Queens Quay West Land Corporation.

4. Financial data for the Bank of Canada is excluded from these Tables due to the unique nature of its operations. The corresponding data (in millions of dollars) as of December 31, 1992 are as follows:
   - Table 1: total assets: $27,442; total liabilities: $27,412; shareholder's equity: $30; employment: 2,128.
   - Table 2: net income: $1,805; cash flow: not applicable; changes to net borrowings: $660.8; budgetary appropriations: nil.
   - Table 3: total assets: $26,006; private sector borrowings and other liabilities: $25,847; Government liabilities: $130; total liabilities: $25,976; loans and advances: nil; equity investment: $5.9.

5. Pursuant to the *Crown Corporations Dissolution or Transfer Authorization Act*:
   — Canada Harbour Place Corporation ceased to be a parent Crown corporation and became a wholly-owned subsidiary of the Vancouver Port Corporation on March 17, 1993;

   — Canada Museums Construction Corporation Inc. ceased to be a parent Crown corporation and became a wholly-owned subsidiary of the Canada Lands Company Limited. The corporation was deleted from Schedule III-I of the FAA on February 4, 1993;

   — Canadian National (West Indies) Steamships, Ltd. was dissolved on June 17, 1992 and deleted from Schedule III-I of the *Financial Administration Act* (FAA) on November 1, 1992; and

   — Canadian Patents and Development Limited was dissolved on March 22, 1993 and deleted from Schedule III-I of the FAA on August 1, 1993.

6. Pursuant to *An Act to Dissolve or Terminate certain Corporations and Other Bodies*:
   — Canadian Institute for International Peace and Security was dissolved on March 26, 1993; and

   — International Centre for Ocean Development was dissolved on March 26, 1993.

7. Teleglobe Canada's name was changed to TH(1987) on July 28, 1993 and was dissolved and deleted from Schedule III-II of the FAA on July 29, 1993.

Notes to Table 1:

8. Employment data differ from those published by Statistics Canada in its *Public Sector Employment and Remuneration* publication primarily due to timing differences. Employment data for the four pilotage authorities include contract pilots, and Canada Development Investment Corporation relate to the parent Crown corporation only. Employment data for Marine Atlantic Inc. and the Bank of Canada are reported on a person-year basis.

9. The shareholder's equity for Canada Deposit Insurance Corporation represents the surplus (deficit) of the Deposit Insurance Fund.

Notes to Table 3:

10. Data for this table have been extracted from Sections 5 and 6 of Volume I of the *Public Accounts of Canada 1992-93.*

11. In the Accounts of Canada, the Total Recorded Investment of Government for Crown corporations of $19,628 million is reduced by a consolidation adjustment and an allowance for valuation. The consolidation adjustment removes the loans, investments and advances of the consolidated corporations included in the Government's reporting entity. The allowance for valuation, of $5,050 million for 1992-93, reduces the recorded value to the estimated realizable value.

PART II

PARENT CROWN CORPORATION ABSTRACTS

Part II
Parent Crown Corporation Abstracts

Table of Contents

Part II - Corporate Abstracts
Introduction

Objectives

Part II of the Annual Report provides information intended to assist readers in understanding the public policy mandate, the historical background, the financial performance and condition of each Crown corporation. In addition, the corporate abstracts indicate reference sources for readers wishing to obtain further information about a particular corporation and its activities.

Description of the Corporate Abstracts

Each corporate abstract contains the following information:

Mandate:

describes the broad policy objectives that guide the direction of the corporation and underlie its creation and continued existence;

Background:

provides for a brief description of the main activities of each corporation and identifies key individuals responsible for the management and accountability of the corporation, including the appropriate Minister, the Chairperson of the Board of Directors, the Chief Executive Officer and the external Auditors.

This section indicates the head office of the corporation which, in most cases, is a source of information about the corporation's activities and performance, including copies of Annual Reports and the Corporate Plan and Budget Summaries. This section also shows how the corporation was incorporated and its current legislative status; and

Financial Summary:

provides five years of comparative financial information showing the corporation's financial position, its operational performance and the funding received from and paid to Canada. In addition, this section presents the five year employment history. The glossary of terms used in this section is provided on page II-61.

Abstracts are provided for each parent Crown corporation and for the Old Port of Montreal Corporation Inc., a wholly-owned subsidiary of the Canada Lands Company Limited, which was directed by Order-in-Council to report as if it were a parent Crown corporation.

There are no corporate abstracts for the Canada Museums Construction Corporation Inc. and the Canada Harbour Place Corporation as they became subsidiaries of the parent Crown corporations, Canada Lands Company Limited and Vancouver Port Corporation, respectively.

Corporate abstracts for the Canadian Patents and Development Limited , the Canadian Institute for International Peace and Security, the International Centre for Ocean Development and Teleglobe Canada will not appear in next year's report since the corporations were dissolved in 1992-93.

ATLANTIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service within designated waters in and around the Atlantic provinces.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Atlantic region. With the approval of the Governor in Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P. Minister of Transport

Incorporation and Status: 1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson and Chief Executive Officer: Captain C.R. (Ted) Worthington

Auditor: Auditor General of Canada

Head Office: Purdy's Wharf
Suite 1402
1959 Upper Water Street
Halifax, Nova Scotia, B3J 3N2
(902) 426 - 2550

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	2.4	2.1	2.4	2.3	1.9
Loans from Private Sector	0.3	0.6	0.4	nil	nil
Loans from Canada	nil	nil	0.1	0.1	0.2
Shareholder's Equity	0.7	0.4	0.9	1.0	0.5
Operations					
Revenues	6.5	7.5	7.3	7.3	7.1
Net Income	(1.5)	(0.5)	(0.3)	negl.	0.1
Cash Flow	(1.2)	(0.3)	(0.1)	0.2	0.2
Funding from Canada					
Budgetary (operating & capital expenditures)	1.8	nil	0.2	0.5	0.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	0.1	0.1	0.1	0.1
Dividends	nil	nil	nil	nil	nil
Employment	75	74	77	75	60

negl. = negligible

ATOMIC ENERGY OF CANADA LIMITED

MANDATE

To undertake research into atomic energy and prepare and develop its commercial applications.

BACKGROUND

Founded in 1952, Atomic Energy of Canada Limited (AECL) develops CANDU power generating technology. It operates research and development laboratories at Chalk River, Ontario and at Pinawa, Manitoba, and its main engineering offices are in Mississauga, Ontario. There are 33 CANDU reactors either in operation or under construction in Canada and five other countries. Its design and engineering teams contribute to the continued improvement and development of nuclear power stations and nuclear technology in general. In August 1991, AECL signed a contract with the Romanian Electric Utility Company to provide technical and project assistance to complete the first Cernavoda CANDU 6 unit. In September 1992, AECL signed a contract with the Korea Electric Power Corporation related to the construction of two (Wolsong 3 & 4) 700 megawatt CANDU 6 nuclear-powered generating stations. This is in addition to the Wolsong 2 contract which was signed in December 1990.

Appropriate Minister: The Honourable Anne McLellan, P.C., M.P.
Minister of Natural Resources

Incorporation and Status: February 14, 1952 under Part I of *Canada Corporations Act*; continued July 8, 1977 under the certificate amended July 15, 1982 *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Vacant at time of printing

President and Chief Executive Officer: Bruce Howe

Auditor: Auditor General of Canada

Head Office: Minto Place
17th Floor
344 Slater Street
Ottawa, Ontario, K1A 0S4
(613) 237 - 3270

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92 (restated)**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	1,322	1,287	957	952	994
Loans from Private Sector	13	15	17	19	21
Loans from Canada	446	477	512	544	574
Shareholder's Equity	606	600	220	211	216
Operations					
Revenues	645	617	484	450	497
Net Income	10	2	8	(10)	23
Cash Flow (from operations)	22	18	16	(3)	29
Funding from Canada					
Budgetary (operating & capital expenditures)	180	176	167	206	203
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	31	35	32	30	27
Dividends	nil	153	nil	nil	16
Employment	4,431	4,503	4,531	4,337	4,274

BANK OF CANADA

MANDATE

The Bank of Canada is responsible for the formulation and implementation of monetary policy in Canada and acts as the government's fiscal agent. The Bank has the sole right to issue paper currency for circulation in Canada. It manages the level of settlement balances and conducts open-market operations, buying or selling securities as, in its judgement, the progress of Canada's economy requires. As fiscal agent, it handles the issue of securities of Canada and payment of related interest and principal; it also cashes and negotiates cheques drawn on the Receiver General. It administers the Exchange Fund Account and acts as agent for the government's operations in the foreign exchange market.

BACKGROUND

The Bank was created by the *Bank of Canada Act* in 1934 as Canada's central bank. As the Bank is exclusively responsible for the issue of bank notes, the majority of its liabilities is for notes in circulation. The majority of its revenue is interest earned on the investment in securities of Canada. In addition to the cost of handling bank notes, the Bank incurs expenses for the formulation of monetary policy, the management of Government of Canada debt and banking activities.

Appropriate Minister: The Honourable Paul Martin, P.C., M.P
Minister of Finance and Minister for the Federal Office of Regional Development - Quebec

Incorporation and Status: 1934, by the *Bank of Canada Act* (R.S.C. 1985, c. B-2), Acts as the fiscal agent of the Government of Canada; is exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act.*

Governor and Chief Executive Officer: John Crow

Auditors: Raymond, Chabot, Martin, Paré and Peat Marwick Thorne

Head Office: 234 Wellington Street
Ottawa, Ontario, K1A 0G9
(613) 782 - 8111

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	27,442	27,045	25,275	24,780	24,319
Liabilities:					
Deposits[1]	1,739	2,332	2,009	2,434	2,759
Notes in Circulation	25,609	24,481	22,970	22,093	21,032
Other[2]	64	202	266	223	498
Shareholder's Equity	30	30	30	30	30
Operations					
Revenues	2,008	2,324	2,615	2,425	2,110
Expenses	182	188	186	172	159
Net Revenue - Paid to Canada	1,806	2,119	2,409	2,239	1,938
Employment	2,128	2,193	2,301	2,255	2,200

[1] Includes Government of Canada deposits.
[2] Includes Government of Canada liability payable in foreign currencies.

Note: The nature of the operations of a central bank makes its financial statements unique.

CANADA COUNCIL

MANDATE

To foster and promote the study, enjoyment and production of works in the arts and to coordinate United Nations Educational Scientific and Cultural Organization (UNESCO) activities in Canada and Canadian participation in various UNESCO activities abroad, excluding political questions and assistance to developing countries.

BACKGROUND

The Council receives a Parliamentary appropriation each year for its operations. As well, it administers the $50 million Endowment Fund which was created by its Act, and other funds established through private donations. It is a charitable organization for the purposes of the *Income Tax Act*.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage	Chairperson:	Allan E. Gotlieb
		Chief Executive Officer:	Dr. Paule Leduc
Incorporation and Status:	1957, by the *Canada Council Act* (R.S.C. 1985, c. C-2); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.	Auditor:	Auditor General of Canada
		Head Office:	99 Metcalfe Street P.O. Box 1047 Ottawa, Ontario, K1P 5V8 (613) 237 - 3400

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Assets — Endowment Account	144.9	135.5	133.7	135.8	130.7
— Special Funds	49.5	47.4	46.4	46.1	41.2
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	163.1	153.9	151.0	148.4	138.6
Operations					
Revenues	121.5	119.9	120.0	118.1	107.0
Outlays on grants, services and art	100.8	99.2	98.2	97.3	95.8
Net Income	(0.7)	(0.5)	1.2	2.0	(6.4)
Cash Flow	(0.2)	0.1	1.9	2.5	(5.9)
Funding from Canada					
Budgetary (operating & capital expenditures)	108.0	105.5	104.1	103.5	93.3
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	234	234	233	227	233

CANADA DEPOSIT INSURANCE CORPORATION

MANDATE

To provide limited insurance for deposits with member institutions i.e., federal banks, trust and loan companies and approved provincial trust and loan companies. To promote standards of sound business and financial practices for member institutions and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada.

BACKGROUND

The corporation was established by the *Canada Deposit Insurance Corporation Act* in 1967. Member institutions pay annual premiums to the Deposit Insurance Fund to meet depositors' claims. Payments to depositors of insolvent financial institutions resulted in a net deficit position for this fund and premium rates were increased in 1985. Bill C-48, which amended the *Canada Deposit Insurance Corporation Act* and received Royal Assent on June 23, 1992, allows for an increase in the corporation's borrowing authority to $6 billion.

Appropriate Minister: The Honourable Paul Martin, P.C., M.P.
Minister of Finance and Minister for the Federal Office of Regional Development - Quebec

Incorporation and Status: 1967; by the *Canada Deposit Insurance Corporation Act* (R.S.C. 1985, c. C-3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Grant L. Reuber

Chief Executive Officer: Jean Pierre Sabourin

Auditor: Auditor General of Canada

Head Office: Suite 1200
79 Wellington Street
Toronto Dominion Centre
Toronto, Ontario, M5K 1H1
(416) 973 - 3887

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	2,885	1,329	644	591	732
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	3,715	1,904	1,283	1,439	1,747
Balance (Deficiency) of Deposit Insurance Fund	(1,451)	(590)	(643)	(851)	(1,017)
Operations					
Revenues	308	309	288	272	224
Net Income	(861)	53	208	166	90
Cash Flow	35	161	121	100	89
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	2,105	1,375	nil	nil	461
Payments to Canada					
Loan Repayments	270	785	150	320	nil
Dividends	n.a.	n.a	n.a	n.a	n.a
Employment	94	92	65	63	48

n.a = not applicable.

CANADA DEVELOPMENT INVESTMENT CORPORATION

MANDATE

To effectively manage Crown corporations and investments assigned to it and to privatize its holdings when appropriate.

BACKGROUND

The Canada Development Investment Corporation (CDIC) manages its wholly-owned subsidiaries: Canada Eldor Inc. (successor to Eldorado Nuclear Limited), Cartierville Financial Corporation, and Theratronics International Limited. Canada Eldor Inc. (CEI) now holds a 9.6% interest in Cameco (after an initial public offering of treasury shares in July 1991, and two subsequent secondary offerings by CEI). The remaining shares are expected to be sold by 1995. CDIC also holds shares in Ginn Publishing Canada Inc. (51%) and class II preferred shares in Varity Corporation. CDIC manages, on behalf of Canada, Teleglobe Canada, the government's holdings in National Sea Products Limited, and the government's significant interest in the common shares of Petro-Canada. A wholly-owned subsidiary of CDIC, Canada Hibernia Holding Corporation, holds the federal government's 8.5% interest in the Hibernia Oil and Gas Offshore Development Project.

CDIC managed the sale of the government's aggregate 53% interest in Telesat Canada to Alouette Telecommunications Inc., in April 1992 for $154.8 million. CDIC also advised the federal government in negotiations providing for the reorganization and subsequent divestiture of Co-enerco Resources Ltd.

Appropriate Minister: The Honourable Paul Martin, P.C., M.P. Minister of Finance and Minister for the Federal Office of Regional Development - Quebec

Incorporation and Status: 1982; by Canada Development Corporation under the *Canada Business Corporations Act*. Letters patent, May 26, 1982, Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Patrick J. Keenan

Chief Executive Officer: Benita M. Warmbold

Auditors: Peat Marwick Thorne and the Auditor General of Canada

Head Office: Suite 2703
Scotia Plaza
40 King Street West
P.O. Box 320
Toronto, Ontario, M5H 3Y2
(416) 864 - 0333

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	278	423	621	657	1,095
Loans from Private Sector	584	676	600	549	731
Loans from Canada	18	38	158	142	117
Shareholder's Equity (Deficiency)	(358)	(344)	(189)	(152)	140
Operations					
Revenues	5.3	26.2	49.8	15.0	(29.4)
Net Income	(67.2)	(147.7)	(36.1)	(292.4)	(83.4)
Cash Flow	0.9	6.3	12.0	4.5	(0.1)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	21.5	7.6	0.3	nil	3.0
Employment	9	10	10	10	6

CANADA LANDS COMPANY LIMITED

MANDATE

To acquire, purchase, lease, hold, improve, manage, exchange, sell, or otherwise deal in or dispose of real or personal property or any interest therein.

BACKGROUND

Canada Lands Company Limited, formerly the Public Works Land Company Limited, has not been involved in any financial transactions and as a result, the financial statements have nil balances. It has an active wholly-owned subsidiary, Old Port of Montreal Corporation Inc., which has been directed to report as a parent Crown corporation; two inactive wholly-owned subsidiaries: Canada Lands Company (Vieux-Port de Québec) Inc., and the Canada Museums Construction Corporation Inc.; and leases for two properties in London, England and two properties on Indian reserves in Canada. Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations on March 31, 1988. A decision has yet to be taken with respect to its formal dissolution pending the resolution of certain legal matters.

Appropriate Minister: The Honourable David Dingwall, P.C., M.P.
Minister of Public Works and Government Services and
Minister for the Atlantic Canada Opportunities Agency

Incorporation and Status: 1956; by letters patent; reorganized under the *Canada Business Corporations Act*, September 19, 1977. Certificate of Continuance under the *Canada Business Corporations Act* July 7, 1981; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Ranald A. Quail

Auditor: Auditor General of Canada

Head Office: Room B-401
Sir Charles Tupper Building
Riverside Drive
Ottawa, Ontario, K1A 0M2
(613) 736 - 2220

FINANCIAL INFORMATION Financial year ending March 31.

The annual audited financial statements of Canada Lands Company Limited assign no value to any of its assets because the accounts of its subsidiaries are reported separately and any increases in the equity of the subsidiaries are not expected to accrue to the parent company. The corporation has no employees.

CANADA MORTGAGE AND HOUSING CORPORATION

MANDATE

To promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions.

BACKGROUND

Established in 1946, the corporation conducts research, provides policy advice and acts as the government's agent in the provision of grants, contributions and subsidies for the advancement of housing and community development. Its mandate has been split into three categories:

The **Corporate Account's** primary activities are the management of its portfolio of loans and investments, land development and management, and the provision of Service to Others. The loans and investments are made under three planning elements: Social Housing, Market Housing and Housing Support with the major emphasis, approximately 75 percent, in Social Housing. These loans and investments are funded from borrowings from the Government of Canada and beginning in 1993, from borrowings from the private sector. The Corporation manages significant land holdings for development and disposal in partnership with the Government of Canada, the Provinces and others, and in its own portfolio.

The **Minister's Account** delivers Social Housing, Market Housing and Housing Support Programs. Approximately 90% of the total activity relates to Social Housing. Social housing programs assist households in need to obtain affordable, suitable and adequate shelter. Market housing programs assist private market stability and promote home ownership and cooperative housing. The Housing Support programs pursue research and development on national housing standards, promote housing quality improvements, and provide other ancillary services including national housing statistics.

The **Administered Funds** include four separate insurance and guarantee funds administered on behalf of the Government of Canada - the Mortgage Insurance Fund, Mortgage-backed Securities Guarantee Fund, the Home Improvement Loan Insurance Fund and the Rental Guarantee Fund. The Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund ensure the availability of an adequate supply of mortgage funds through the reduction of mortgage lending risk through default to lenders and the development of an active secondary market for the trading of mortgages. The other two funds are dormant.

In 1993, $5 million of surplus funds in each of the Rental Guarantee Fund and the Mortgage-backed Securities Guarantee Fund and the assets of the Home Improvement Loan Insurance Fund (approximately $1.5 million) were remitted to the Government of Canada.

Appropriate Minister:	The Honourable David Dingwall, P.C., M.P. Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency	Chairperson:	Claude F. Bennett
		Chief Executive Officer:	Eugene A. Flichel
		Auditors:	Deloitte & Touche and the Auditor General of Canada
Incorporation and Status:	1946; by the *Central Mortgage and Housing Corporation Act*; (R.S.C. 1985, c. C-7). Amended March 16, 1979 to *Canada Mortgage and Housing Corporation Act*; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty except when s. 14 of its Act applies.	Head Office:	700 Montreal Road Ottawa, Ontario, K1A 0P7 (613) 748 - 2000

CANADA MORTGAGE AND HOUSING CORPORATION — *concluded*

FINANCIAL SUMMARIES[1] ($ million) Financial year ending December 31.

	1992	1991 (restated)[2]	1990	1989	1988
Employment	2,955	2,931	3,002	3,103	2,810
Payments to Canada	60	18	11	31	50
Corporate Account[2]:					
Financial Position					
Total Assets	8,741	8,855	9,057	9,213	9,306
Loans from Private Sector	37	38	39	nil	nil
Loans from Canada	8,500	8,633	8,734	8,880	9,065
Shareholder's Equity	50	43	50	50	50
Operations					
Revenues	743	781	818	867	930
Net Income	12	17	11	31	50
Cash Flow	21	(94)	(47)	32	62
Funding from Canada					
Loans and Investments	307	284	284	280	269
Loan Repayments	431	360	399	467	528
Minister's Account:					
Operations					
Expenditures	1,918	1,962	1,886	1,687	1,522
Budgetary Appropriations	1,907	1,981	1,971	1,593	1,529
Due from the Minister, end of year	27	16	35	120	26
Administered Funds - Mortgage Insurance Fund:					
Financial Position					
Total Assets	1,551	1,339	1,106	906	695
Shareholder's Equity	78	149	164	47	(116)
Operations					
Revenues	357	295	283	220	178
Net Income	(16)	(15)	117	163	142
Cash Flow	174	231	186	225	163
Administered Funds - Other Funds:					
Financial Position					
Total Assets	50	38	29	23	15
Shareholder's Equity	29	25	21	18	12
Operations					
Revenues	9	7	5	4	2
Net Income	4	3	4	5	1
Cash Flow	10	7	5	3	1

[1] Financial results of the Corporate Account, Minister's Account, the Mortgage Insurance Fund and other Insurance and Guarantee Funds have been presented separately to provide more meaningful information concerning the Corporation's activities.
[2] Comparative figures for 1991, 1990 and 1989 related to the Corporate Account and its operations were restated to reflect a Prior Period Adjustment required to reverse the profit recognized on a land sale nullified by the Courts in 1992.

CANADA PORTS CORPORATION

MANDATE

To plan and coordinate the development of 15 ports, to achieve the objectives of the national ports policy and to support Canadian international trade objectives.

BACKGROUND

The corporation was established in 1983 with responsibility for the 15 ports across Canada that previously fell under the jurisdiction of the National Harbours Board. Parent Crown corporation status was subsequently given to seven of the local ports. The Canada Ports Corporation monitors the activities of the seven local port corporations and is directly responsible for the administration, management and control of the remaining eight ports: Belledune, Churchill, Port Colborne, Prescott, Port Saguenay/Baie des Ha! Ha!, Sept-Îles and Trois-Rivières. These 15 ports within the Ports Canada system handle nearly 50 per cent of Canadian port traffic.

In 1991, Ridley Terminals Inc., a coal terminal facility in Prince Rupert, British Columbia, became a wholly-owned subsidiary of Canada Ports Corporation.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P. Minister of Transport

Incorporation and Status: 1983; pursuant to the *National Harbours Board Act* (R.S.C. 1970, N-8, s.3); reconstituted by the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Arnold E. Masters

Chief Executive Officer: Jean-Michel Tessier

Auditors: Arthur Anderson & Co.

Head Office: 8th Floor
99 Metcalfe Street
Ottawa, Ontario, K1A 0N6
(613) 957 - 6787

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991 (restated)**	**1990 (restated)**	**1989 (restated)**	**1988 (restated)**
Financial Position					
Total Assets	217.9	185.2	124.2	118.9	102.9
Loans from Private Sector	191.5	208.8	nil	nil	nil
Loans from Canada	0.6	1.2	1.3	1.4	1.5
Shareholder's Equity (Deficiency)	(51.8)	(86.9)	97.3	112.1	82.9
Operations					
Revenues	56.3	30.8	16.2	14.9	11.8
Net Income	11.8	(255.9)	2.4	0.8	(5.7)
Cash Flow	19.4	4.2	5.6	6.6	1.0
Funding from Canada					
Budgetary (operating & capital expenditures)	12.8	90.9	9.8	29.4	2.8
Non-Budgetary (loans and investments)	20.0	10.0	nil	nil	nil
Payments to Canada					
Loan Repayments	0.6	0.1	0.1	0.1	0.1
Dividends	negl.	0.2	20.7	0.1	0.1
Employment	218	183	154	136	166

negl. = negligible

CANADA POST CORPORATION

MANDATE

To operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of Canadians.

BACKGROUND

The *Canada Post Corporation Act* requires the corporation to fulfill its mandate while improving and extending its products and services, and to conduct its operations on a self-sustaining financial basis. Canada provides support for the publishing industry, Northern parcel mail, parliamentary free mail, and blind persons' free mail by making payments to the corporation. The corporation does not receive operating subsidies from Canada. On April 30, 1992, the Government of Canada tabled legislation to amend the *Canada Post Corporation Act* to provide for the establishment of a share capital structure and the authority to issue non-voting shares to its employees not to exceed ten percent of the issued and outstanding shares. These amendments received Royal Assent on May 6, 1993 and were proclaimed on June 8, 1993.

Appropriate Minister: The Honourable David Dingwall, P.C., M.P.
Minister of Public Works and Government Services and
Minister for the Atlantic Canada Opportunities Agency

Incorporation and Status: 1981; by the *Canada Post Corporation Act* (R.S.C. 1985, c. C-10); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Donald H. Lander

President and Chief Executive Officer: Georges C. Clermont

Auditors: Ernst & Young

Head Office: Canada Post Place
2701 Riverside Drive
Ottawa, Ontario, K1A 0B1
(613) 734 - 8440

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	2,494	2,462	2,662	2,508	2,734
Loans from Private Sector	55	55	55	nil	nil
Loans from Canada	80	80	80	80	80
Shareholder's Equity	1,337	1,312	1,445	1,490	1,643
Operations					
Revenues	3,921	3,873	3,785	3,756	3,509
Net Income	26	(128)	14	149	96
Cash Flow	231	28	201	164	282
Funding from Canada					
Budgetary (operating & capital expenditures)[1]	14	115	149	185	196
Non-Budgetary (loans and investments)	nil	nil	nil	nil	80
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	6	60	nil	nil
Employment	44,683	46,666	49,046	52,839	54,731

[1] Fee for service payments to Canada Post Corporation (CPC) for special mail programs: cultural publications mailings; Parliament free mail; literature for the blind; and Northern air stage commercial parcel service. In 1992-93, program responsibility and government funding for the cultural publications mailings and the Northern air stage commercial parcel service were transferred the Department of Canadian Heritage and the Department of Indian Affairs and Northern Development, respectively. These departments now pay CPC for these services.

CANADIAN BROADCASTING CORPORATION

MANDATE

To provide radio and television services in both official languages incorporating a wide range of programming that informs, enlightens and entertains. The programming is to be predominantly and distinctively Canadian and contribute to a shared national consciousness and identity. The Canadian Broadcasting Corporation (CBC) is subject to the conditions of any licence or licences issued to it by the Canadian Radio-television and Telecommunications Commission (CRTC) and is subject to any applicable regulations of the CRTC.

BACKGROUND

The corporation was established as the national public broadcaster in 1936 by the *Broadcasting Act* and major amendments were made to this Act in 1958, 1968, and 1991. The most recent revisions to the *Broadcasting Act*, which came into force in June 1991, brought the control and accountability framework applicable to the CBC more in line with that of Crown corporations scheduled in the *Financial Administration Act*. The corporation operates a wide range of services including: English and French-language television and AM and FM radio networks, regional radio and television stations and Northern radio and television services. It also offers three specialized services: 1) Newsworld, a 24-hour English-language information channel; 2) Radio Canada International, a shortwave service broadcasting recorded programs in 7 languages, and 3), up until November 1992, the Parliamentary channels.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	1936, by the *Broadcasting Act* (R.S.C. 1985, c. B-9); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Patrick Watson
President and Chief Executive Officer:	Anthony Manera
Auditor:	Auditor General of Canada
Head Office:	1500 Bronson Avenue P.O. Box 8478 Ottawa, Ontario, K1G 3J5 (613) 724 - 1200

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	1,583	1,073	1,020	941	869
Loans from Private Sector	436	1	1	negl.	2
Loans from Canada	33	33	33	33	33
Shareholder's Equity	774	700	651	601	552
Operations					
Revenues	1,331	1,279	1,349	1,223	1,131
Net Income	(76)	(82)	(42)	(83)	(61)
Cash Flow	27	(11)	28	(32)	5
Funding from Canada					
Budgetary (operating & capital expenditures)	1,110	1,031	1,078	981	915
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	9,337	9,551	10,713	10,571	10,550

negl. = negligible

CANADIAN COMMERCIAL CORPORATION

MANDATE

To assist in the development of trade between Canada and other nations.

BACKGROUND

Established in 1946, the Canadian Commercial Corporation's (CCC) principal activity is to facilitate sales to foreign governments and international agencies on behalf of Canadian suppliers. In all transactions CCC assumes the role of prime contractor, undertaking to deliver a product or service to the foreign customer with a "back-to-back" obligation from a Canadian supplier. To achieve this task, the Corporation offers a wide range of export support services to Canadian exporters, provides them with special access to foreign government markets and enhances their credibility by guaranteeing contract performance. A significant portion of sales are generated as a result of specific obligations outlined in the Defence Production Sharing Agreement (DPSA) and the Defence Development Sharing Agreement (DDSA) with the United States government.

Appropriate Minister: The Honourable David Dingwall, P.C., M.P.
Minister of Public Works and Government Services and
Minister for the Atlantic Canada Opportunities Agency

Incorporation and Status: 1946; by the *Canadian Commercial Corporation Act* (R.S.C. 1985, c. C-14); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Ranald A. Quail

Auditor: Auditor General of Canada

Head Office: Metropolitan Centre
11th Floor
50 O'Connor Street
Ottawa, Ontario, K1A 0S6
(613) 996 - 0034

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92 (restated)**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	473.2	532.1	986.2	829.8	686.3
Loans from Private Sector[1]	196.1	237.5	540.7	410.0	353.0
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	15.8	46.2	45.3	40.1	33.8
Operations					
Revenues	610.8	761.6	704.5	689.8	645.3
Net Income	(0.4)	2.7	6.7	7.2	4.3
Cash Flow	(0.4)	2.7	6.7	7.2	4.3
Funding from Canada					
Budgetary (operating & capital expenditures)	13.5	14.1	14.9	17.1	15.3
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	30.0	1.8	1.4	0.9	nil
Employment	81	97	95	97	92

[1] Represents obligations to foreign governments (i.e. progress payments).

CANADIAN DAIRY COMMISSION

MANDATE

To provide efficient producers of milk and cream with an opportunity to obtain a fair return for their labour and investment, and to provide consumers of dairy products with a continuous and adequate supply of high quality dairy products.

BACKGROUND

Established in 1966, the corporation administers the following elements of the federal dairy program: calculation of Target Price for milk and cream for industry; market support for the Target Price through a nationwide offer to purchase butter and skim milk powder; direct support payments on eligible milk and cream shipments; international marketing of dairy products not required for domestic consumption; receipt of levies collected by provinces from farmers to finance the cost of exporting products surplus to domestic requirements; and coordination of national supply management of industrial milk production.

Appropriate Minister: The Honourable Ralph Goodale, P.C., M.P.
Minister of Agriculture and Agri-Food

Incorporation and Status: 1966; by the *Canadian Dairy Commission Act* (R.S.C. 1985, c. C-15); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Roch Morin

Auditor: Auditor General of Canada

Head Office: Carling Executive Park
1525 Carling Avenue
Suite 300
Ottawa, Ontario, K1A 0Z2
(613) 998 - 9490

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1991-92	**1990-91**	**1989-90**	**1988-89**	**1987-88**
Financial Position					
Total Assets	248.9	233.6	232.4	242.7	222.8
Loans from Private Sector[1]	30.8	28.1	52.1	69.0	82.2
Loans from Canada	150.8	136.6	106.3	114.3	87.4
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	242.7	193.6	243.0	200.1	181.1
Net Income (Deficiency)	13.8	(6.5)	9.2	21.8	7.1
Cash Flow	n.a	n.a	n.a	n.a	n.a
Funding from Canada					
Budgetary (operating & capital expenditures)	241.9	258.6	270.0	287.5	290.2
Non-Budgetary (loans and investments)	266.7	234.9	252.6	278.2	279.7
Payments to Canada					
Loan Repayments	252.6	204.5	260.6	251.3	278.1
Dividends	n.a	n.a	n.a	n.a	n.a
Employment	62	67	71	71	63

[1] Represents direct support payments payable to producers plus the excess or deficiency of financing over producer levies.
n.a = not applicable

CANADIAN FILM DEVELOPMENT CORPORATION

MANDATE

To foster and promote an independent film and television production industry in Canada by providing financial assistance for the development, production and distribution of Canadian motion pictures and videos, and through other forms of industry assistance.

BACKGROUND

The corporation, also known as Telefilm Canada, supports the domestic film and television production industry. Programs include three funds, the Feature Film Fund, the Feature Film Distribution Fund and the Canadian Broadcast Program Development Fund. The Feature Film Fund, created in 1986, supports the production and development of Canadian feature films. The Feature Film Distribution Fund, established in 1988, assists Canadian film distribution companies in marketing, rights acquisition and corporate development activities. The Canadian Broadcast Program Development Fund, dating back to 1983, provides assistance for Canadian television production. Through these and other programs (such as a script and project development program, a distribution and marketing program and international promotion activities), the corporation provided financial support to 359 production and development projects for film and television programs in 1992-93.

Appropriate Minister: The Honourable Michel Dupuy, P.C., M.P.
Minister of Canadian Heritage

Incorporation and Status: 1967; by the *Canadian Film Development Corporation Act*, (R.S.C. 1985, c. C-16); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Robert Dinan

Chief Executive Officer: Pierre DesRoches

Auditor: Auditor General of Canada

Head Office: Tour de la Banque Nationale
14th Floor
600 de la Gauchetière, West
Montreal, Quebec, H3B 4L2
(514) 283 - 6363

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	33.0	31.5	20.8	47.8	35.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	22.7	19.3	15.1	14.8	24.2
Operations					
Revenues (interest on loans)	0.9	0.9	0.9	1.0	1.7
Net Income (cost of operations)	(133.6)	(140.8)	(144.9)	(155.0)	(124.5)
Cash Flow	(131.9)	(139.8)	(141.8)	(148.5)	(120.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	144.5	145.1	145.1	145.6	128.9
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	7.5	nil	nil	nil	nil
Employment	182	187	189	182	160

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

MANDATE

To increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective, with particular emphasis on arms control, disarmament, defence and conflict resolution.

BACKGROUND

The Canadian Institute for International Peace and Security (CIIPS) fulfilled its mandate by: fostering, funding and conducting research; promoting scholarship; studying and proposing ideas and policies; and collecting and disseminating information on, and encouraging public discussion of, issues of international peace and security. Pursuant to *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, the corporation was dissolved on March 26, 1993. Therefore this corporate abstract will not appear in next year's report.

Appropriate Minister: The Honourable André Ouellet P.C., M.P. Minister of Foreign Affairs

Incorporation and Status: 1984; by the *Canadian Institute for International Peace and Security Act*, (R.S.C. 1985, c. C-18); amended (R.S.C. 1985, 1st Suppl. c. 46); Exempt from Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson: David Braide

Chief Executive Officer: Bernard Wood

Auditor: Auditor General of Canada

Head Office: Constitution Square
Suite 900, 9th Floor
360 Albert Street
Ottawa, Ontario, K1R 7X7

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	0.1	1.8	2.0	2.1	2.2
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	0.4	1.7	1.7	1.7
Operations					
Revenues	2.0	5.1	5.2	5.2	5.1
Net Income (cost of operations)	0.2	(1.3)	(0.1)	negl.	0.2
Cash Flow	0.3	1.1	0.1	0.1	0.2
Funding from Canada					
Budgetary (operating & capital expenditures)	2.0	5.0	5.0	5.0	5.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	0.6	nil	nil	nil	nil
Employment	nil	34	42	39	35

negl. = negligible

CANADIAN MUSEUM OF CIVILIZATION

MANDATE

To increase interest in, knowledge of, and appreciation and respect for human cultural achievements and behaviour throughout Canada and internationally by establishing for research and posterity a collection of objects of historical or cultural interest with special but not exclusive reference to Canada.

BACKGROUND

On July 1, 1990, the Canadian Museum of Civilization (CMC) became an autonomous Crown corporation under the *Museums Act*. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada. The CMC also operates the Canadian War Museum (an affiliated museum dedicated to Canada's military history and continuing commitment to peacekeeping), and the National Postal Museum.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Peter A. Herrndorf
Chief Executive Officer:	George F. MacDonald
Auditor:	Auditor General of Canada
Head Office:	100 Laurier Street P.O. Box 3100, Station B Hull, Quebec, J8X 4H2 (819) 776 - 7116

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91
Financial Position			
Total Assets	25.6	26.0	23.7
Loans from Private Sector	nil	nil	nil
Loans from Canada	nil	nil	nil
Shareholder's Equity	14.4	13.4	10.9
Operations			
Revenues	7.3	6.4	4.2
Net Income	(38.2)	(38.9)	(28.5)
Cash Flow	(35.0)	(35.6)	(26.7)
Funding from Canada			
Budgetary (operating & capital expenditures)	39.2	41.5	29.4
Non-Budgetary (loans and investments)	nil	nil	nil
Payments to Canada			
Loan Repayments	nil	nil	nil
Dividends	nil	nil	nil
Employment	525	503	475

CANADIAN MUSEUM OF NATURE

MANDATE

To increase interest in, knowledge of, and appreciation and respect for the natural world throughout Canada and internationally by establishing, developing and maintaining for research and posterity a collection of natural history objects with special but not exclusive reference to Canada.

BACKGROUND

The Canadian Museum of Nature (CMN) evolved from the Geological Survey of Canada, which was established by Parliament in 1841 to investigate the geology and natural history of the Province of Canada. The CMN was established as an autonomous Crown corporation by the *Museums Act* on July 1, 1990. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	July 1, 1990, by the *Museums Act* (S.C. 1990, c.3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Norman E. Wagner
Chief Executive Officer:	Alan R. Emery
Auditor:	Auditor General of Canada
Head Office:	Victoria Memorial Museum Building P.O. Box 3443, Station D Ottawa, Ontario, K1P 6P4 (613) 996 - 9281

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**
Financial Position			
Total Assets	7.3	8.2	5.8
Loans from Private Sector	nil	nil	nil
Loans from Canada	nil	nil	nil
Shareholder's Equity	0.8	0.5	0.8
Operations			
Revenues	1.2	2.1	1.0
Net Income	(18.7)	(19.5)	(13.8)
Cash Flow	(17.5)	(18.5)	(13.2)
Funding from Canada			
Budgetary (operating & capital expenditures)	19.1	19.2	13.6
Non-Budgetary (loans and investments)	nil	nil	nil
Payments to Canada			
Loan Repayments	nil	nil	nil
Dividends	nil	nil	nil
Employment	251	244	255

CANADIAN NATIONAL RAILWAY COMPANY

MANDATE

To operate a national railway system and other transportation and related services.

BACKGROUND

In 1919, the Canadian National Railway Company (CNR) was created from an amalgamation of 200 companies, many of which were insolvent. From the merger of these companies, CNR was required to produce one strong, commercially competitive system to serve the entire nation. It was recapitalized in 1937, 1952 and in 1978. In 1986, a subsidiary, CN Marine Inc., was incorporated as a separate parent Crown corporation and renamed Marine Atlantic Inc. In 1988, the corporation sold its hotel, telephone and telecommunication subsidiaries and applied the proceeds to reduce its corporate debt. In 1992, CNR sold its 3.7% interest in Telesat Canada. As a result of CNR's 1993 restructuring of its rail operations, ten thousand employees have or will be laid-off.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1919; by the *Canadian National Railway Act* which was superseded by the 1955 Act of the same name (R.S.C. 1985, c. C-19); Schedule III, Part II of the *Financial Administration Act*; Not an agent of Her Majesty.
Chairperson:	Brian R.D. Smith, Q.C.
Chief Executive Officer:	Paul M. Tellier
Auditors:	Peat Marwick Thorne and Raymond, Chabot, Martin, Paré
Head Office:	935 de la Gauchetière, West Montreal, Quebec, H3B 2M9 (514) 399 - 5430

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	7,052	6,965	7,028	7,105	6,906
Loans from Private Sector	1,752	1,751	1,712	1,769	1,842
Loans from Canada	117	133	148	161	173
Shareholder's Equity	2,491	3,531	3,546	3,540	3,375
Operations					
Revenues	4,051	4,057	4,078	4,202	4,363
Net Income	(1,005)	(14)	8	206	283
Cash Flow	199	215	252	486	424
Funding from Canada					
Budgetary (operating & capital expenditures)	6	10	14	17	29
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	16	15	13	12	12
Dividends	35	nil	2	41	57
Employment	35,281	36,196	36,977	38,450	39,999

CANADIAN PATENTS AND DEVELOPMENT LIMITED

MANDATE

To maximize benefits to Canada by the promotion and use of innovations produced by publicly-funded institutions and agencies, and by others, on behalf of the Crown.

BACKGROUND

The corporation made available to the public the industrial and intellectual property resulting from government-funded research and development. It made licensing arrangements with industry and monies received were used to cover most of its operating expenses. Awards were paid to inventors under the *Public Service Inventions Act*. The corporation was dissolved under the *Canada Business Corporations Act* on March 22, 1993. This abstract will not appear in next year's report.

Appropriate Minister: The Honourable John Manley P.C., M.P. Minister of Industry

Incorporation and Status: 1947; by letters patent under the *Companies Act*; continued under the *Canada Business Corporation Act* in 1979; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty. Dissolved under the *Canada Business Corporations Act* on March 22, 1993.

Chairperson: Jacques A. Léger

Chief Executive Officer: Vacant

Auditor: Auditor General of Canada

Head Office: 17th Floor
275 Slater Street
Ottawa, Ontario, K1A 0R3

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	n.a	0.2	1.9	1.5	1.5
Loans from Private Sector	n.a	nil	nil	nil	nil
Loans from Canada	n.a	nil	nil	nil	nil
Shareholder's Equity	n.a	0.2	1.0	0.7	0.5
Operations					
Revenues	n.a	1.2	2.1	2.5	2.0
Net Income	n.a	0.4	0.3	0.2	0.1
Cash Flow	n.a	0.4	1.2	0.2	0.2
Funding from Canada					
Budgetary (operating & capital expenditures)	n.a	0.8	1.8	0.8	1.2
Non-Budgetary (loans and investments)	n.a	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	n.a	nil	nil	nil	nil
Dividends	n.a	1.2	nil	nil	nil
Employment	n.a	0	8	25	25

n.a = not applicable

CANADIAN SALTFISH CORPORATION

MANDATE

To regulate interprovincial and export trade in saltfish from participating provinces, Quebec (Lower North Shore) and Newfoundland, to improve earnings of primary producers of cured cod fish.

BACKGROUND

In accordance with its enabling legislation, the corporation must buy all saltfish offered to it which is of reasonable quality, and must conduct its operations on a self-sustaining financial basis. The corporation has significantly downsized its operations due to the lower availibility of product.

Appropriate Minister: The Honourable Brian Tobin, P.C., M.P.
Minister of Fisheries and Oceans

Incorporation and Status: 1970; by the *Saltfish Act* (R.S.C. 1985, c. S-4); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: James G. Barnes

Chief Executive Officer: Greg Viscount

Auditor: Auditor General of Canada

Head Office: 60 Water Street
St. John's, Newfoundland, A1A 2Y3
(709) 772 - 6080

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	1.9	5.2	8.4	16.3	28.5
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	3.3	32.8	31.4	44.0	41.0
Shareholder's Equity (Deficiency)	(1.9)	(29.0)	(25.6)	(34.7)	(15.3)
Operations					
Revenues	1.2	3.0	38.0	47.1	73.3
Net Income	(1.9)	(3.5)	(5.9)	(19.4)	(9.9)
Cash Flow	(1.4)	(2.7)	(4.0)	(7.3)	(5.1)
Funding from Canada					
Budgetary (operating & capital expenditures)	29.0	nil	15.0	nil	nil
Non-Budgetary (loans and investments)	0.4	1.5	nil	3.0	12.1
Payments to Canada					
Loan Repayments	0.8	0.1	12.6	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	13	14	28	46	46

CANADIAN WHEAT BOARD, THE

MANDATE

To market wheat and barley grown in western Canada in the best interests of western Canada's grain producers and to administer the *Prairie Grain Advance Payments Act.*

BACKGROUND

The Board is responsible for all exports of wheat and barley grown in the prairie provinces and some parts of British Columbia. The Board thus provides Prairie farmers with a strong presence in the international grain market. The Board issues a government-guaranteed initial payment when the producer delivers grain. Receipts are pooled, and a final payment net of marketing costs is made after the full year's returns have been calculated. Deficits in individual grain pool accounts become, by statute, a charge upon the Consolidated Revenue Fund of Canada. The Board negotiates sales contracts directly with customers or through accredited exporters.

Appropriate Minister: The Honourable Ralph Goodale, P.C., M.P.
Minister of Agriculture and Agri-Food

Incorporation and Status: 1935; by *The Canadian Wheat Board Act* (R.S.C. 1985, c. C-24); Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Commissioner: Lorne Hehn

Auditors: Deloitte & Touche

Head Office: 423 Main Street
P.O. Box 816
Winnipeg, Manitoba, R3C 2P5
(204) 983 - 0239

FINANCIAL SUMMARY ($ million) Financial year ending July 31.

	1991-92	1990-91	1989-90	1988-89	1987-88
Financial Position					
Total Assets	7,296	7,584	5,612	4,939	4,103
Loans from Private Sector	6,561	7,438	5,172	4,292	3,663
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues[1]	3,504	3,478	4,111	4,279	2,862
Surplus on Operations[1]	678	27	359	552	399
Cash Flow	n.a	n.a	n.a	n.a	n.a
Funding from Canada					
Budgetary (operating & capital expenditures)	63	784	15	112	16
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	n.a	n.a	n.a	n.a	n.a
Employment	443	430	430	434	434

[1] Represents the excess of revenues received, including any receipts from the Goverment of Canada for deficits in any Pool account, over the initial payments to farmers plus operating costs.
n.a = not applicable

CAPE BRETON DEVELOPMENT CORPORATION

MANDATE

To operate, reorganize and rationalize coal production from the Sydney coal field. Its current corporate goal is to be a dependable supplier of quality coal and related energy products by operating a safe, commercially-viable corporation.

BACKGROUND

The corporation was established in 1967 by the *Cape Breton Development Corporation Act* with a Coal Division and an Industrial Development Division. The Industrial Development Division's (IDD) mandate was to develop alternative employment opportunities and to broaden the base of the local Cape Breton economy, and pursuant to the *Government Organization Act, Atlantic Canada 1987*, it became Enterprise Cape Breton Corporation on December 1, 1988, (see page II-31).

The Coal Division (DEVCO) is the major employer in the Sydney/Glace Bay area with approximately 2,335 employees. The corporation operates two collieries (Phalen and Prince) and fully-integrated support facilities including a coal preparation plant, a complete railway transportation system and a shipping pier.

Appropriate Minister: The Honourable John Manley, P.C., M.P. Minister of Industry

Incorporation and Status: 1967; by the *Cape Breton Development Corporation Act,* (R.S.C. 1985, c. C-25); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Michael H. Cochrane

Chief Executive Officer: Ernest Boutilier

Auditor: Auditor General of Canada

Head Office: 95 Union Street
P.O. Box 2500
Sydney, Nova Scotia, B1P 6K9
(902) 564 - 2848

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	357	394	411	475	534
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	30	31	7	41
Shareholder's Equity	251	263	343	429	449
Operations					
Revenues	266	254	216	238	200
Net Income	(43)	(111)	(119)	(74)	(97)
Cash Flow	3	(9)	0.1	(9)	(30)
Funding from Canada					
Budgetary (operating & capital expenditures)	31	31	32	54	28
Non-Budgetary (loans and investments)	nil	nil	24	nil	19
Payments to Canada					
Loan Repayments	30	1	nil	34	nil
Dividends	nil	nil	nil	nil	nil
Employment	2,335	2,554	2,852	2,983	3,301

DEFENCE CONSTRUCTION (1951) LIMITED

MANDATE

To contract for and supervise major military construction and maintenance projects required by the Department of National Defence, and to provide technical and administrative assistance concerning construction matters to government departments and agencies on a cost-recovery basis.

BACKGROUND

Wartime Housing Limited, created in 1941, changed its name to Defence Construction (1951) Limited (DCL) in 1951. The construction and maintenance work undertaken by DCL encompasses the full spectrum of defence installations from dockyards and airfields, to training facilities, test ranges and research laboratories. Pursuant to a Memorandum of Understanding, the Department of National Defence provides the corporation with funding for its net disbursements.

Appropriate Minister:	The Honourable David Dingwall, P.C., M.P. Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency
Incorporation and Status:	1951; by the *Defence Production Act* (R.S.C. 1985, c. D-1); continued under the *Canada Business Corporations Act,* November 21, 1978; Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson and Chief Executive Officer:	J.R. Lorne Atchison
Auditor:	Auditor General of Canada
Head Office:	Sir Charles Tupper Building 3rd Floor, A Wing Riverside Drive Ottawa, Ontario, K1A 0K3 (613) 998 - 9548

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	2.6	2.3	2.4	2.3	1.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(1.8)	(2.0)	(2.4)	(2.9)	(2.8)
Operations					
Revenues	16.0	15.6	16.4	15.3	14.3
Net Income	0.2	0.4	0.5	(0.1)	0.2
Cash Flow	0.8	0.5	0.6	0.5	0.8
Funding from Canada					
Budgetary (operating & capital expenditures)	14.8	14.8	15.5	14.3	13.7
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	240	233	244	264	202

ENTERPRISE CAPE BRETON CORPORATION

MANDATE

To promote and assist the financing and development of industry on the Island of Cape Breton, to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

BACKGROUND

On December 1, 1988, the Industrial Development Division (IDD) of the Cape Breton Development Corporation became a separate Crown corporation, Enterprise Cape Breton Corporation (ECBC). To ensure coordination of development policies within the region, this corporation reports to the Minister responsible through the Atlantic Canada Opportunities Agency (ACOA). Upon assuming the activities, programs and properties of the IDD, the corporation established revised programs to promote industrial development on Cape Breton Island and in the northeast part of the Nova Scotia mainland.

Appropriate Minister: The Honourable David Dingwall, P.C., M.P.
Minister of Public Works and Government Services and
Minister for the Atlantic Canada Opportunities Agency

Incorporation and Status: 1988; by The *Government Organization Act, Atlantic Canada,* 1987. (S.C. 1988, c.50); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Mary Gusella

Auditor: Auditor General of Canada

Head Office: P.O. Box 1750
15 Dorchester Street
4th Floor
Sydney, Nova Scotia, B1P 6T7
(902) 564 - 3600

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	5.2	7.4	18.4	25.7	33.4
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	2.5	4.7	16.7	22.5	32.0
Operations					
Revenues	1.1	1.2	1.4	4.1	1.1
Net Income	(12.4)	(18.0)	(15.3)	(16.8)	(2.8)
Cash Flow	(10.1)	(9.4)	(7.7)	(8.8)	(1.8)
Funding from Canada					
Budgetary (operating & capital expenditures)	10.1	10.4	10.6	7.3	3.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	4.3	1.1	nil	nil
Employment	45	50	50	71	37

EXPORT DEVELOPMENT CORPORATION

MANDATE

As Canada's official export credit agency, the Export Development Corporation (EDC) helps Canadian exporters compete more effectively in international markets by reducing financial risks in support of developing export trade by the provision of credit insurance, loans, guarantees, and other financial services to promote Canadian export trade.

BACKGROUND

As an export credit agency and an Agent of Her Majesty in right of Canada, EDC benefits from Canada's membership in the Paris Club, an international group formed to deal on a multilateral basis with payment difficulties experienced by sovereign entities. Rescheduling agreements arranged are coupled with the International Monetary Fund disciplines to alleviate these payment problems. Canada compensates EDC for any financial consequences arising from Canada's participation in multilateral activities to provide debt and debt service reduction. On June 10, 1993, Royal assent was given to amendments to EDC's Act which expand its powers to provide assistance to exporters. In addition to its corporate activities, EDC administers for Canada certain export insurance and financing in support of export transactions considered to be in the national interest. This, the Canada Account, is maintained separately from the corporation's accounts, and is consolidated with the financial statements of the Government of Canada.

Appropriate Minister:	The Honourable Roy MacLaren, P.C., M.P. Minister for International Trade
Incorporation and Status:	1969; by the *Export Development Act*, (R.S.C. 1985, c. E-20); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Maureen J. Sabia
Chief Executive Officer:	Paul E. Labbé
Auditor:	Auditor General of Canada
Head Office:	Place Export Canada 14th Floor 151 O'Connor Street P.O. Box 655 Ottawa, Ontario, K1P 5T9 (613) 598 - 2500

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

Corporate Account:	**1992**	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	8,107	7,168	7,040	6,567	6,522
Loans from Private Sector	6,746	5,914	5,855	5,473	5,221
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	879	835	786	705	904
Operations					
Revenues	660	610	642	630	619
Net Income	44	33	6	(199)	4
Cash Flow	145	190	103	134	132
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Loans and Investments	nil	16	75	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	25
Dividends	nil	nil	nil	nil	nil
Canada Account:					
Financial Position					
Assets administered for Canada	1,906	1,537	1,256	1,027	926
Budgetary Appropriations	185	158	176	111	60
Employment	512	513	530	490	510

FARM CREDIT CORPORATION

MANDATE

To assist Canadian farmers to establish and develop viable farm enterprises by providing long-term credit and other financial services.

BACKGROUND

The Farm Credit Corporation (FCC) makes mortgage loans to farmers for the purchase of farm land, livestock and machinery, for permanent farm improvements and for debt refinancing. Under the authority of the *Farm Syndicates Credit Act*, FCC also lends to groups of farmers for the joint acquisition of agricultural facilities and equipment. The maximum loan for an individual farm is $600,000 and for a syndicate is $100,000. The corporation maintains six regional offices and about 100 district and field offices. As at March 31, 1993, the FCC had 56,687 loans outstanding. Its head office was relocated to Regina, Saskatchewan in September 1992.

Appropriate Minister:	The Honourable Ralph Goodale, P.C., M.P. Minister of Agriculture and Agri-Food	Chairperson and Chief Executive Officer:	James J. Hewitt
Incorporation and Status:	1959; by the *Farm Credit Act* (R.S.C. 1993, c. C-95); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.	Auditor:	Auditor General of Canada
		Head Office:	1800 Hamilton Street P.O. Box 4320 Regina, Saskatchewan, S4P 4L3 (306) 780 - 8100

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	3,623	3,687	3,810	3,817	4,032
Loans from Private Sector	798	813	1,128	1,216	1,328
Loans from Canada	2,418	2,487	2,432	2,549	3,254
Shareholder's Equity (Deficiency)	289	268	147	(74)	(671)
Operations					
Revenues	388	406	426	423	407
Net Income	20	22	20	(3)	(35)
Cash Flow	53	43	24	8	(48)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	265	616	471	894	130
Payments to Canada					
Loan Repayments	336	456	388	999	360
Dividends	nil	nil	nil	nil	nil
Employment	718	727	719	753	625

FEDERAL BUSINESS DEVELOPMENT BANK

MANDATE

To promote and assist the establishment and development of business enterprises in Canada by providing financial assistance, management counselling, management training, information and advice; and by giving particular attention to the needs of small and medium-sized business enterprises.

BACKGROUND

The Bank provides financial assistance to Canadian firms by acting as a supplementary lender and a source of equity financing. The Bank has two operating segments: Financial Services, comprised of the Loans Division and the Venture Capital Division, and Management Services which is supported by Parliamentary appropriations. During 1991-92, the Bank introduced a new product called Venture loans, with features of both a term loan and equity financing.

The Bank also administers the Cultural Industries Development Fund (CIDF) on behalf of the Department of Canadian Heritage. The CIDF was developed to provide flexible financing and management counselling to businesses involved in Canadian cultural industries. This fund is not accounted for in the financial statements of the Bank.

Appropriate Minister: The Honourable John Manley, P.C., M.P.
Minister of Industry

Incorporation and Status: 1974; by the *Federal Business Development Bank Act* (R.S.C. 1985, c. F-6); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Bertrand J. Lavoie

President and Chief Executive Officer: François Beaudoin

Auditors: Raymond, Chabot, Martin, Paré and the Auditor General of Canada

Head Office: 800 Victoria Square
P.O. Box 335
Stock Exchange Tower Station
Montreal, Quebec, H4Z 1L4
(514) 283 - 5904

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	2,764	2,645	2,789	2,814	2,532
Loans from Private Sector	2,430	2,316	2,385	2,418	2,165
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	275	300	368	365	345
Operations					
Revenues	322	353	386	379	327
Net Income	(25)	(77)	3	10	11
Cash Flow	36	4	69	70	95
Funding from Canada					
Budgetary (operating & capital expenditures)	15	15	15	33	62
Non-Budgetary (loans and investments)	nil	9	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	989	1,057	1,096	1,111	1,244

FRESHWATER FISH MARKETING CORPORATION

MANDATE

The objectives of the corporation are to market fish in an orderly manner to increase returns to fishers, and to promote international markets for, and increase inter-provincial and export trade in, freshwater fish.

BACKGROUND

The corporation was created to improve the economic situation of commercial fisheries in Western Canada. The corporation has the exclusive right to market the products of the commercial fishery from the region it serves and is required by its enabling legislation to operate on a self-sustaining basis. Its products are sold in direct competition with producers from the Great Lakes area as well as competing against other fish products in an open marketplace.

Appropriate Minister:	The Honourable Brian Tobin, P.C., M.P. Minister of Fisheries and Oceans
Incorporation and Status:	1969; by the *Freshwater Fish Marketing Act* (R.S.C. 1985, c. F-13); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Maurice Blanchard
Chief Executive Officer:	Tom Dunn
Auditor:	Auditor General of Canada
Head Office:	1199 Plessis Road Winnipeg, Manitoba, R3C 3L4 (204) 983 - 6600

FINANCIAL SUMMARY ($ million) Financial year ending April 30.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	19.2	22.3	18.6	30.0	28.6
Loans from Private Sector	12.6	10.3	3.2	1.7	8.1
Loans from Canada	0.8	5.4	9.9	21.1	14.0
Shareholder's Equity	4.0	3.8	3.4	3.3	3.0
Operations					
Revenues	45.8	51.5	52.1	49.4	55.1
Net Income	0.2	0.4	0.1	0.3	0.4
Cash Flow	1.7	2.0	1.7	1.6	1.4
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	7.1	12.0
Payments to Canada					
Loan Repayments	4.6	4.5	11.2	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	40	42	40	41	50

GREAT LAKES PILOTAGE AUTHORITY, LTD.

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the designated Canadian waters in the Great Lakes area in and around Ontario, in designated waters in Manitoba, and in the St. Lawrence River, south of the St. Lambert Lock in Quebec.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the Great Lakes region. With the approval of the Governor in Council, the Authority has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); incorporated under the *Canada Corporations Act* in May 1972 as a subsidiary of The St. Lawrence Seaway Authority; Schedule III, Part I of the *Financial Administration Act;* Not an agent of Her Majesty.
Chairperson and Chief Executive Officer:	Richard G. Armstrong
Auditor:	Auditor General of Canada
Head Office:	132 Second Street East P.O. Box 95 Cornwall, Ontario, K6H 5R9 (613) 933 - 2991

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	2.9	2.8	2.8	4.3	4.5
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(2.5)	(3.2)	(2.8)	(1.2)	(0.9)
Operations					
Revenues	8.3	8.0	8.4	9.4	9.7
Net Income	(1.1)	(1.9)	(1.6)	(0.3)	negl.
Cash Flow	(0.9)	(1.5)	(1.3)	0.1	0.3
Funding from Canada					
Budgetary (operating & capital expenditures)	1.9	1.4	nil	nil	1.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	89	90	98	103	104

negl. = negligible

HALIFAX PORT CORPORATION

MANDATE

Administration, management and control of the Halifax Harbour and all works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Halifax Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. Total port cargo was 14.0 million tonnes in 1992, down by 6.6 percent from the previous year.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P.
Minister of Transport

Incorporation and Status: 1984; letters patent of incorporation pursuant to subsection 25 (1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Donald A. Parker

Chief Executive Officer: David F. Bellefontaine

Auditors: Doane Raymond

Head Office: Pier 19, 1215 Marginal Road
Halifax, Nova Scotia, B3J 2P6
(902) 426 - 3643

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	65.9	68.9	70.0	69.4	65.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	2.7	3.1	3.5	3.8
Shareholder's Equity	62.8	62.8	62.1	62.4	58.4
Operations					
Revenues	11.2	14.0	16.0	15.6	13.9
Net Income	negl.	1.5	3.7	4.6	3.4
Cash Flow	2.3	3.7	5.8	6.8	5.1
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	2.7	0.4	0.4	0.3	0.3
Dividends	0.1	2.2	2.5	0.6	0.2
Employment	88	93	97	92	92

negl. = negligible

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANDATE

To initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development.

BACKGROUND

The International Centre for Ocean Development's (ICOD) programs were part of Canada's Official Development Assistance commitment. The Centre fostered and supported initiatives that helped developing countries to improve their own management and use of ocean resources in a rational and sustainable manner. The focus was on island and coastal nations where ocean resources can have the maximum development impact. Pursuant to *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, the corporation was dissolved on March 26, 1993. This corporate abstract will not appear in next year's report.

Appropriate Minister: The Honourable André Ouellet
P.C., M.P.
Minister of Foreign Affairs

Incorporation and Status: 1985; *The International Centre For Ocean Development Act*, (R.S.C. 1985, 1st Suppl. c. 17); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson: Danielle Wetherup

Chief Executive Officer: Edward K. Langtry

Auditor: Auditor General of Canada

Head Office: 9th Floor
5670 Spring Garden Road
Halifax, Nova Scotia, B3J 1H6

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	3.3	3.5	2.7	1.8	1.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	1.6	(2.1)	0.2	0.6	negl.
Operations					
Revenues	3.4	2.8	2.3	2.3	0.6
Net Income (Cost of Operations)	(8.2)	(14.3)	(12.6)	(9.6)	(8.0)
Cash Flow	(8.4)	(12.0)	(12.6)	(9.6)	(8.0)
Funding from Canada					
Budgetary (operating & capital expenditures)	11.9	12.0	12.2	10.1	8.0
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	0	66	58	52	36

negl. = negligible

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

MANDATE

To initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions.

BACKGROUND

The International Development Research Centre (IDRC) was created to help resolve, through research carried out by Third World scientists, the problems of poverty in the developing countries. To this end, it has established the following main program areas: Environment and Natural Resources, Health Sciences, Social Sciences, Information Sciences and Systems, and Corporate Affairs and Initiatives. Further to the Earth Summit in Rio de Janeiro in June 1992, the activities of the IDRC have been broadened to emphasize sustainable development issues.

Appropriate Minister:	The Honourable André Ouellet, P.C., M.P. Minister of Foreign Affairs
Incorporation and Status:	1970; by *The International Development Research Centre Act*, (R.S.C. 1985, c. I-19); Exempt from provisions of Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.
Chairperson:	Hon. Flora MacDonald
Chief Executive Officer:	Keith A. Bezanson
Auditor:	Auditor General of Canada
Head Office:	13th Floor 250 Albert Street P.O. Box 8500 Ottawa, Ontario, K1G 3H9 (613) 236 - 6163

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	18.1	19.3	24.7	22.1	34.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	0.1	(1.9)	8.6	4.0	13.9
Operations					
Revenues	127.1	123.5	122.5	121.1	121.3
Net Income	1.9	(10.4)	4.5	(9.9)	5.3
Cash Flow	3.4	(4.5)	6.0	(8.5)	6.5
Funding from Canada					
Budgetary (operating & capital expenditures)	117.1	115.8	114.1	108.5	114.2
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	338	415	444	464	465

LAURENTIAN PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer a safe and efficient pilotage service in the St. Lawrence River between Les Escoumins and the north end of the St. Lambert Lock, in the Saguenay River and in the Chaleur Bay.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the lower St. Lawrence River region. With the approval of the Governor in Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport	Chairperson and Chief Executive Officer:	Jacques Marquis, Q.C.
Incorporation and Status:	1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Auditor:	Auditor General of Canada
		Head Office:	Suite 600 715 Square Victoria Montreal, Quebec, H2Y 2H7 (514) 288 - 6320

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	7.1	6.9	5.1	5.9	4.7
Loans from Private Sector	1.1	1.4	1.3	0.8	0.8
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(0.3)	(1.7)	(1.3)	(1.1)	(0.9)
Operations					
Revenues	27.5	29.0	28.6	28.0	27.0
Net Income	(4.9)	(5.1)	(2.2)	(1.8)	(1.8)
Cash Flow	(4.8)	(5.0)	(2.1)	(1.6)	(1.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	6.3	4.8	2.1	1.6	1.5
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	256	256	270	281	289

MARINE ATLANTIC INC.

MANDATE

To acquire, establish, manage and operate a marine transportation service; a marine maintenance, repair and refit service; a marine construction business and any service or business related thereto.

BACKGROUND

Marine Atlantic Inc. provides marine ferry services to Atlantic Canada. Originally it was a subsidiary of the Canadian National Railway Company and pursuant to the *Marine Atlantic Inc. Acquisition Authorization Act* (S.C. 1986, C. 36) proclaimed on June 27, 1986, the company's name was changed to Marine Atlantic Inc. and was added to Part I of Schedule III of the *Financial Administration Act*. In 1987 the corporation acquired Coastal Transport Limited and the Newfoundland Dockyard Corporation of St. John's. Coastal Transport Limited operates a ferry between New Brunswick ports. The Newfoundland Dockyard Corporation operates a ship repair and refit facility in St. John's, Newfoundland.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P.
Minister of Transport

Incorporation and Status: 1979; by the *Canada Business Corporations Act*. Status and ownership changed as of December 31, 1986 (S.C. 1986, C. 36); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson: Alan Scales, Q.C.

Chief Executive Officer: Vacant at time of printing

Auditors: Peat Marwick Thorne and the Auditor General of Canada

Head Office: 100 Cameron Street
Moncton, New Brunswick, E1C 5Y6
(506) 851 - 3600

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991 (restated)	1990	1989	1988
Financial Position					
Total Assets	432.4	448.5	480.0	484.0	354.0
Loans from Private Sector	nil	nil	nil	0.2	3.7
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	(3.5)	(3.3)	(2.9)	(1.4)	1.0
Operations					
Revenues	204.5	197.5	198.4	194.9	192.9
Net Income	(0.3)	(0.4)	(0.2)	(3.6)	2.4
Cash Flow	(0.7)	(9.9)	0.1	(3.0)	4.4
Funding from Canada					
Budgetary (operating & capital expenditures)	122.8	127.2	132.8	271.9	132.6
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	2,175	2,240	2,300	2,463	2,416

MONTRÉAL PORT CORPORATION

MANDATE

To administer, manage and control the Montreal Harbour and all the works and property within the harbour previously under the jurisdiction of the Canada Ports Corporation or, prior to February 24, 1983, the National Harbours Board.

BACKGROUND

The Montréal Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The port handled 17.5 million tonnes of cargo in 1992, the same as in 1991.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P.
Minister of Transport

Incorporation and Status: 1983; letters patent of incorporation pursuant to subsection 25(1) of the *Canada Ports Corporation Act*. (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: André Gingras

Chief Executive Officer: Dominic J. Taddeo

Auditors: Samson, Bélair and Deloitte & Touche

Head Office: Montreal Port Building
Cité du Havre
Wing No. 1
Montreal, Quebec, H3C 3R5
(514) 283 - 7042

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	222.9	218.3	231.2	230.9	233.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	5.2	5.7	6.1	6.6	7.0
Shareholder's Equity	204.6	201.0	195.5	210.6	208.8
Operations					
Revenues	57.4	58.6	63.2	60.4	65.2
Net Income	5.0	8.1	10.8	5.2	14.0
Cash Flow	15.1	18.4	20.5	16.4	24.0
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.5	0.5	0.4	0.4	0.4
Dividends	1.3	15.0	13.6	3.3	4.3
Employment	401	475	520	560	621

NATIONAL ARTS CENTRE CORPORATION

MANDATE

To operate and maintain the Centre, to develop the performing arts in the National Capital Region and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

BACKGROUND

In 1969, the National Arts Centre Corporation leased the National Arts Centre complex for twenty years without charge. The lease was renewed to May 31, 1992. The corporation's revenues meet about 47 per cent of its expenses with payments from Canada covering the balance. The corporation is a charitable organization for the purposes of the *Income Tax Act*.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	1966; by the *National Arts Centre Act*, (R.S.C. 1985, c. N-3); Exempt from the provisions of Divisions I to IV of Part X of the *Financial Administration Act*; Not an agent of Her Majesty.
Chairperson:	Robert E. Landry
Chief Executive Officer:	Yvon DesRochers
Auditor:	Auditor General of Canada
Head Office:	53 Elgin Street P.O. Box 1534, Station B Ottawa, Ontario, K1P 5W1 (613) 996 - 5051

FINANCIAL SUMMARY ($ million) Financial year ending August 31.

	1991-92	1990-91 (restated)	1989-90	1988-89	1987-88
Financial Position					
Total Assets	16.5	17.5	7.7	7.6	10.2
Loans from Private Sector	nil	nil	1.0	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity (Deficiency)	9.2	8.4	(0.1)	0.3	1.1
Operations					
Revenues	18.7	16.7	18.8	20.7	17.9
Net Income	(21.0)	(20.0)	(16.8)	(16.3)	(15.9)
Cash Flow	(18.3)	(17.6)	(15.9)	(15.2)	(15.2)
Funding from Canada					
Budgetary (operating & capital expenditures)	19.7	24.2	17.7	17.4	18.7
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	307	310	313	315	316

NATIONAL CAPITAL COMMISSION

MANDATE

To prepare plans for and assist in the development, conservation and improvement of the National Capital Region; to organize, sponsor and promote public activities or events in the Region that enrich the cultural and social fabric of Canada; and to coordinate federal policies and programs for public activities and events related to the National Capital Region.

BACKGROUND

The National Capital Commission had its origins in 1899 with the creation of the Ottawa Improvement Commission (1899-1927), succeeded by the Federal District Commission (1927-1958) and the National Capital Commission in 1958.

Appropriate Minister: The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage

Incorporation and Status: 1958; by the *National Capital Act* (R.S.C. 1985, c. N-4); Amended in 1988 (S.C. 1988, c. 54); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Marcel Beaudry

Chief Executive Officer: John D.V. Hoyles

Auditor: Auditor General of Canada

Head Office: 14th Floor
161 Laurier Avenue West
Ottawa, Ontario, K1P 6J6
(613) 239 - 5555

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	362.5	365.9	350.9	343.7	324.4
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	330.2	336.3	317.4	301.2	282.8
Operations					
Revenues	24.0	41.0	40.1	33.1	18.9
Net Income	(12.7)	8.2	6.6	6.3	(21.4)
Cash Flow	(4.0)	(0.1)	(2.4)	10.8	(14.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	89.7	89.9	90.1	94.1	91.3
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	727	765	750	792	806

NATIONAL GALLERY OF CANADA

MANDATE

To develop, maintain and make known, throughout Canada and internationally, a collection of works of art, historic and contemporary, with special but not exclusive reference to Canada, and to further the knowledge, understanding, and enjoyment of art in general among all Canadians.

BACKGROUND

The National Gallery was founded in 1880 and was governed by various Acts of Parliament from 1913 to 1968 when the National Museums of Canada came into being. On July 1, 1990, the National Gallery of Canada became an autonomous Crown corporation under the *Museums Act*. The National Gallery also operates the Canadian Museum of Contemporary Photography.

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	July 1, 1990; by the *Museums Act* (S.C. 1990, c. 3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Jean-Claude Delorme
Chief Executive Officer:	Shirley L. Thomson
Auditor:	Auditor General of Canada
Head Office:	380 Sussex Drive P.O. Box 427, Station A Ottawa, Ontario, K1N 9N4 (613) 990 - 1985

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91
Financial Position			
Total Assets	18.4	20.7	23.4
Loans from Private Sector	nil	nil	nil
Loans from Canada	nil	nil	nil
Shareholder's Equity	9.4	9.9	9.8
Operations			
Revenues	2.8	2.8	2.6
Net Income (Cost of Operations)	(29.8)	(31.3)	(20.7)
Cash Flow	(27.7)	(29.0)	(19.1)
Funding from Canada			
Budgetary (operating & capital expenditures)	29.3	31.4	23.2
Non-Budgetary (loans and investments)	nil	nil	nil
Payments to Canada			
Loan Repayments	nil	nil	nil
Dividends	nil	nil	nil
Employment	286	213	258

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANDATE

To foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technological objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

BACKGROUND

The National Museum of Science and Technology (NMST) was founded in 1967. On July 1, 1990, the NMST was established as an autonomous Crown corporation under the *Museums Act*. The Museum was previously under the jurisdiction of the National Museums Corporation of Canada. The NMST also operates the affiliated National Aviation Museum (founded in 1960).

Appropriate Minister:	The Honourable Michel Dupuy, P.C., M.P. Minister of Canadian Heritage
Incorporation and Status:	1990, by the *Museums Act* (S.C. 1990, c. 3); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	David M. Culver
Chief Executive Officer:	Geneviève Sainte-Marie
Auditor:	Auditor General of Canada
Head Office:	2380 Lancaster Road P.O. Box 9724, Ottawa Terminal Ottawa, Ontario, K1G 5A3 (613) 991 - 3044

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	**1991-92**	**1990-91**
Financial Position			
Total Assets	9.4	10.1	11.1
Loans from Private Sector	nil	nil	nil
Loans from Canada	nil	nil	nil
Shareholder's Equity	5.4	5.5	5.0
Operations			
Revenues	1.6	1.0	0.6
Net Income (Cost of Operations)	(16.2)	(16.6)	(11.5)
Cash Flow	(15.0)	(15.5)	(10.7)
Funding from Canada			
Budgetary (operating & capital expenditures)	16.1	17.1	14.8
Non-Budgetary (loans and investments)	nil	nil	nil
Payments to Canada			
Loan Repayments	nil	nil	nil
Dividends	nil	nil	nil
Employment	227	184	186

OLD PORT OF MONTREAL CORPORATION INC.

MANDATE

To promote the development of the lands of Le Vieux-Port de Montréal and to develop, administer, manage and maintain Crown property there.

BACKGROUND

Since February 1982, the corporation has managed the Crown lands at Le Vieux-Port, including lands transferred to the Crown in 1983 from Canada Ports Corporation. Planning and consultation with the public and with the other levels of government have resulted in plans for major developments on the lands. The development of the Eastern and Western sectors was completed in 1992. In order to finish development of the Central sector, the Old Port of Montreal Corporation Inc. is seeking new partnerships with the private sector.

Appropriate Minister: The Honourable David Dingwall, P.C., M.P.
Minister of Public Works and Government Services and
Minister for the Atlantic Canada Opportunities Agency

Incorporation and Status: 1981; under the *Canada Business Corporations Act.* A wholly-owned subsidiary of Canada Lands Company Limited; directed by Order in Council (PC 1987-86) to report as if it were a parent Crown corporation. An agent of Her Majesty.

Chairperson and Chief Executive Officer: Benoît Lemay

Auditor: Auditor General of Canada

Head Office: 333 rue de la Commune West
Montreal, Quebec, H2Y 2E2
(514) 283 - 5256

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	8.0	16.5	6.1	2.8	1.8
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	nil	nil	nil	nil	nil
Operations					
Revenues	5.9	4.1	4.5	3.2	2.2
Net Income	(22.3)	(42.5)	(14.5)	(4.4)	(6.4)
Cash Flow	(3.8)	(3.9)	(3.6)	(2.7)	(2.5)
Funding from Canada					
Budgetary (operating & capital expenditures)	21.5	40.5	13.6	6.0	7.3
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	74	64	49	42	31

PACIFIC PILOTAGE AUTHORITY

MANDATE

To establish, operate, maintain and administer, a safe and efficient pilotage service within designated waters in and around British Columbia.

BACKGROUND

Established in 1972, the Authority provides pilotage services to the British Columbia region. With the approval of the Governor-in-Council, it has the power to make regulations in order to meet its objectives. These regulations may prescribe the establishment of compulsory pilotage areas; the ship or classes of ships which are subject to compulsory pilotage; the circumstances under which compulsory pilotage may be waived; the tariffs or pilotage charges; and the classes of licences and classes of pilotage certificates that may be issued. The Authority is required to set fair and reasonable tariffs that ensure self-sustaining operations.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P.
Minister of Transport

Incorporation and Status: 1972; pursuant to the *Pilotage Act* (R.S.C. 1985, c. P-14); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson and Chief Executive Officer: Richard Nelson

Auditor: Auditor General of Canada

Head Office: Suite 300
1199 West Hastings Street
Vancouver, British Columbia, V6E 4G9
(604) 666 - 6771

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	8.0	6.9	4.0	4.3	4.5
Loans from Private Sector	negl.	negl.	negl.	negl.	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	4.8	3.1	1.8	2.3	2.8
Operations					
Revenues	32.8	33.8	29.3	25.3	27.2
Net Income	1.7	1.3	(0.4)	(0.5)	0.1
Cash Flow	1.9	1.4	(0.3)	(0.3)	0.4
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	173	168	171	175	61[1]

[1] Excludes contract pilots.
negl. = negligible

PETRO-CANADA LIMITED
(formerly PETRO-CANADA)

MANDATE

To fulfil the government's debt obligations relating to Petro-Canada.

BACKGROUND

Incorporated in 1974 as **Petro-Canada** under the *Petro-Canada Act*, it was the parent Crown corporation responsible for establishing an integrated oil and gas business. Under the *Petro-Canada Public Participation Act* which received Royal Assent on February 1, 1991, it was renamed as **Petro-Canada Limited** (PCL) and its principal operating subsidiary, under the name of Petro-Canada, was transferred to the Minister of State (Finance and Privatization). In September 1992, Petro-Canada completed the prepayment of all long-term debt owing to Petro-Canada Limited. With the proceeds from the payments, PCL effectively paid its corresponding debt in full by repurchasing from public markets 70% of its debt and purchasing a portfolio of high quality securities to defease the remaining balance. The *Petro-Canada Public Participation Act* allows for the dissolution of PCL.

Appropriate Minister: The Honourable Paul Martin, P.C., M.P. Minister of Finance and Minister responsible for the Federal Office of Regional Development - Quebec

Incorporation and Status: 1975; by the *Petro-Canada Act* (R.S.C. 1985: c.P-11); continued as Petro-Canada Limited on February 1, 1991, under the *Petro-Canada Public Participation Act*; Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Arni Thorsteinson

Chief Executive Officer: Vacant

Auditors: Arthur Andersen & Co. and the Auditor General of Canada

Head Office: c/o Department of Finance
L'Esplanade Laurier
140 O'Connor Street
Ottawa, Ontario, K1A 0G5
(204) 475 - 9090

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**
Financial Position				
Total Assets	519	989	2,128	4,369
Loans from Private Sector	460	952	2,097	1,753
Loans from Canada	nil	nil	nil	nil
Shareholder's Equity	7	4	nil	2,585
Operations				
Revenues	146	160	236	185
Net Income	3	4	148	6
Cash Flow	(11)	4	1	1
Funding from Canada				
Budgetary (operating & capital expenditures)	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil
Payments to Canada				
Loan Repayments	nil	nil	nil	nil
Dividends	nil	nil	35	nil
Employment	nil	nil	nil	nil

PORT OF QUÉBEC CORPORATION

MANDATE

To administer, manage and control the Harbour of Quebec and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Port of Québec Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. The port handled 15.9 million tonnes of cargo, a reduction of 14 percent from 1991.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1984; letters patent of incorporation pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Acting Chairperson:	Raymond S. McBain
Chief Executive Officer:	Ross Gaudreault
Auditors:	Peat Marwick Thorne
Head Office:	150 Dalhousie Street P.O. Box 2268 Quebec, Quebec, G1K 7P7 (418) 648 - 3558

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	64.8	62.4	67.8	72.1	70.3
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	57.1	58.1	56.6	68.0	66.4
Operations					
Revenues	14.4	16.9	13.8	14.6	13.5
Net Income	(1.0)	1.5	0.1	1.7	1.3
Cash Flow	2.0	4.6	2.2	3.8	3.3
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	1.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	negl.	nil	11.4	0.1	0.3
Employment	96	94	105	101	98

negl. = negligible

PRINCE RUPERT PORT CORPORATION

MANDATE

To administer, manage and control the Prince Rupert Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Prince Rupert Port Corporation was established as a parent Crown corporation on June 1, 1984, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1984; letters patent of incorporation pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Donald H. Seidel
Chief Executive Officer:	Donald H. Krusel
Auditors:	Peat Marwick Thorne
Head Office:	110 Third Avenue, West Prince Rupert, British Columbia, V8J 1K8 (604) 627 - 7545

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	111.5	114.4	112.0	101.1	88.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	16.5[1]	68.7	67.7	54.6	48.3
Shareholder's Equity	93.6	44.5	43.5	42.4	39.2
Operations					
Revenues	14.3	15.4	15.2	15.4	15.9
Net Income	0.9	1.3	2.0	4.4	5.3
Cash Flow	3.4	3.7	3.9	5.1	5.9
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	48.3	nil	12.8	4.5	nil
Payments to Canada					
Loan Repayments	53.2[1]	0.3	0.1	nil	nil
Dividends	0.1	0.2	1.0	1.1	0.9
Employment	16	19	17	16	15

[1] In November 1992, as part of the Ridley Terminals Inc. debt restructuring plan, Treasury Board approved the forgiveness to the corporation of the $48.3 million recoverable contribution from Canada. Accordingly, the $48.3 million was reclassified to contributed capital in 1992.

QUEENS QUAY WEST LAND CORPORATION (formerly HARBOURFRONT CORPORATION)

MANDATE

Queens Quay West Land Corporation (formerly named Harbourfront Corporation) operates, manages, maintains and develops the Harbourfront site in Toronto. Since January 1991, the activities of the corporation have focused specifically on implementing the recommendations of the Royal Commission on the Future of the Toronto Waterfront.

BACKGROUND

In 1972 Harbourfront Corporation was created from the assembly of lands owned and expropriated by the federal government. With participation from all levels of government, its mandate to support cultural, recreational and educational activities at the Harbourfront site was established in 1978. In addition to funding facilities for public use, the corporation also encouraged private sector development on the site.

On March 30, 1988, the federal government established the Royal Commission on the Future of the Toronto Waterfront to review the role, mandate and development plans of Harbourfront Corporation. Implementation plans were developed on the basis of the recommendations of the Commission. Under this plan, cultural, recreational and educational activities have been transferred to Harbourfront Centre, a local not-for-profit programming entity. A second entity, a charitable foundation, was established and will manage the net proceeds from the sale of the corporation's assets and is expected to make payments to support the public programming activities of Harbourfront Centre. Pursuant to Order-in-Council P.C. 1993-1354 the corporation's name was changed from "Harbourfront Corporation" to "Queens Quay West Land Corporation".

Appropriate Minister:	The Honourable David Dingwall, P.C., M.P. Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency	Chairperson and Chief Executive Officer:	William J. McAleer
Incorporation and Status:	1936; as Terminal Warehouses Ltd, under the *Ontario Companies Act*; July 14, 1978, as Harbourfront Corporation, under the *Business Corporations Act* of Ontario; continued under the *Canada Business Corporations Act*, December 21, 1984; Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Auditors:	Peat Marwick Thorne and the Auditor General of Canada
		Head Office:	Scotia Plaza, Suite 2703 P.O. Box 320, 40 King Street West Toronto, Ontario, M5H 3Y2 (416) 864 - 0333

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	23.6	24.0	20.8	31.0	35.0
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	25.1	14.7	2.2	nil	nil
Shareholder's Equity	(8.5)	5.9	15.1	25.2	30.9
Operations					
Revenues	4.4	6.1	7.9	7.5	9.2
Net Income	(2.3)	1.4	(7.7)	(5.2)	(5.4)
Cash Flow	(2.3)	1.5	0.9	2.8	(4.9)
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	3.6	3.6	nil
Non-Budgetary (loans and investments)	10.4	12.5	2.2	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	6	6	6	255	190

ROYAL CANADIAN MINT

MANDATE

To mint coins in anticipation of profit and to carry out other related activities.

BACKGROUND

Founded in 1908 as a branch of the Mint of the United Kingdom, its operations were devolved to the Crown in right of Canada in 1931. Initially a departmental agency of the government, it was incorporated by legislation in 1969. *An Act to Amend the Royal Canadian Mint Act and the Currency Act,* which came into force on December 17, 1987 authorized share capital for the corporation. In 1989, a share capital structure was created for the Mint and shares were issued to Canada. The corporation operates in a competitive international environment.

Appropriate Minister:	The Honourable David Dingwall, P.C., M.P. Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency	Chairperson:	James Corkery
		Chief Executive Officer:	Ruth Hubbard
		Auditor:	Auditor General of Canada
Incorporation and Status:	1969; by the *Royal Canadian Mint Act* (R.S.C. 1985, c. R-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.	Head Office:	320 Sussex Drive Ottawa, Ontario, K1A 0G8 (613) 993 - 3500

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	102.7	99.8	107.8	101.2	121.4
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	8.2	10.9	13.5	16.2	84.2
Shareholder's Equity	68.3	60.0	65.0	56.9	9.8
Operations					
Revenues	378.0	298.2	606.2	749.5	892.6
Net Income	9.0	1.3	10.4	7.8	8.8
Cash Flow	12.0	4.4	13.2	10.5	17.0
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	40.0	nil
Payments to Canada					
Loan Repayments	2.7	2.7	2.7	2.7	7.7
Dividends	0.7	6.3	2.3	60.4	nil
Employment	763	667	737	776	762

SAINT JOHN PORT CORPORATION

MANDATE

To administer, manage and control the Saint John Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Saint John Port Corporation was established as a parent Crown corporation on December 31, 1986, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1986; letters patent pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Harry P. Gaunce
Chief Executive Officer:	Kenneth Krauter
Auditors:	Ernst and Young
Head Office:	133 Prince William Street P.O. Box 6429, Station A Saint John, New Brunswick, E2L 4R8 (506) 636 - 4869

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	88.5	89.2	92.1	92.1	91.5
Loans from Private Sector[1]	19.7	19.7	19.7	19.7	19.7
Loans from Canada	20.1	20.1	20.1	20.1	20.1
Shareholder's Equity	45.9	45.8	45.7	50.3	50.1
Operations					
Revenues	12.0	12.4	13.6	12.9	12.5
Net Income	0.2	0.1	0.3	0.2	2.1
Cash Flow	3.0	3.0	3.6	3.1	3.6
Funding from Canada					
Budgetary (operating & capital expenditures)	0.5	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	4.9	nil	nil
Employment	48	55	58	59	61

[1] Obligation is owed to the province of New Brunswick for partial financing of the construction of the Rodney Terminal Complex, Saint John.

ST. JOHN'S PORT CORPORATION

MANDATE

To administer, manage and control the Harbour of St. John's and all the works and property within the harbour under its jurisdiction.

BACKGROUND

St. John's Port Corporation was established as a parent Crown corporation on June 1, 1985, pursuant to the national ports policy to create local ports corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation. Activity at the port declined in 1992 in terms of vessel arrivals (28%), gross revenue tonnage (16%) and cargo tonnage (4.2%).

Appropriate Minister:	The Honourable Douglas Young, P.C., M.P. Minister of Transport
Incorporation and Status:	1985; letters patent pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.
Chairperson:	Fred M. Milley
Chief Executive Officer:	David J. Fox
Auditors:	Doane Raymond
Head Office:	3 Water Street P.O. Box 6178 St. John's, Newfoundland, A1C 5X8 (709) 772 - 4582

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	16.9	17.8	17.3	16.5	16.9
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	1.1	2.7	2.9	3.1	3.3
Shareholder's Equity	14.9	14.3	13.5	12.7	12.3
Operations					
Revenues	3.7	3.7	3.6	3.2	2.8
Net Income	0.7	0.8	0.7	0.4	0.1
Cash Flow	1.5	1.7	1.7	1.2	0.8
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	1.3	2.1	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	1.0
Payments to Canada					
Loan Repayments	1.6	0.2	0.2	0.2	0.1
Dividends	negl.	negl.	nil	nil	nil
Employment	14	17	17	17	18

negl. = negligible

ST. LAWRENCE SEAWAY AUTHORITY, THE

MANDATE

To construct, operate and maintain canals, bridges, works and other property related to the deep waterway between the Port of Montreal and Lake Erie, known as the St. Lawrence Seaway.

BACKGROUND

The St. Lawrence Seaway Authority, established in 1954, constructed and operates the St. Lawrence Seaway in conjunction with an appropriate authority in the United States, and constructed, maintains and operates bridges and other works and property incidental thereto as the Governor-in-Council may deem to be necessary. The Authority operates 13 locks in Canadian territory and four high-level bridges traversing the St. Lawrence River. Two locks in the United States are operated by the St. Lawrence Seaway Development Corporation. Tolls may be established by filing with the National Transportation Agency or by agreement between Canada and the United States.

A wholly-owned subsidiary, the Seaway International Bridge Corporation, Ltd., established in 1962, manages the international bridge at Cornwall, Ontario. A second wholly-owned subsidiary, the Jacques Cartier and Champlain Bridges Incorporated, manages the two high-level bridges in Montreal since their transfer from the National Harbours Board in 1978. A third wholly-owned subsidiary, Great Lakes Pilotage Authority, Ltd. is a parent Crown corporation for the purposes of the *Financial Administration Act*. The Canadian span of the Thousand Islands Bridge at Lansdowne, Ontario has been directly administered by the Authority since this property reverted to Canada in 1976.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P. Minister of Transport

Incorporation and Status: 1954; pursuant to section 3 of the *St. Lawrence Seaway Authority Act* (R.S.C. 1985, c. S-2); Schedule III, Part I of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Glendon R. Stewart

Auditor: Auditor General of Canada

Head Office: Constitution Square
14th Floor
360 Albert Street
Ottawa, Ontario, K1R 7X7
(613) 598 - 4600

FINANCIAL SUMMARY ($ million) Financial years ending March 31.

	1992-93	**1991-92**	**1990-91**	**1989-90**	**1988-89**
Financial Position					
Total Assets	593.1	600.1	593.5	600.3	604.5
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	558.1	567.0	566.3	573.7	576.5
Operations					
Revenues	72.0	73.7	75.2	73.7	72.0
Net Income	(8.9)	0.7	(7.4)	(2.8)	(0.3)
Cash Flow	3.6	12.3	4.7	9.6	11.8
Funding from Canada					
Budgetary (operating & capital expenditures)	37.4	28.7	27.3	26.9	25.4
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	859	862	918	925	921

STANDARDS COUNCIL OF CANADA

MANDATE

To foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance and safety of buildings, structures, manufactured articles and products, and other goods not expressly provided for by law, as a means of advancing the national economy, benefiting the public, protecting consumers and facilitating trade, and furthering international cooperation in relation to standards.

BACKGROUND

The Council coordinates the activities of organizations involved in standardization in Canada, and represents Canada in international standardization organizations.

Appropriate Minister:	The Honourable John Manley, P.C., M.P. Minister of Industry	Chairperson:	Georges Archer
		Chief Executive Officer:	Michael B. McSweeney
Incorporation and Status:	1970; by the *Standards Council of Canada Act* (R.S.C. 1985, c. S-16); Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.	Auditor:	Auditor General of Canada
		Head Office:	Suite 1200 World Exchange Plaza 45 O'Connor Street Ottawa, Ontario, K1P 6N7 (613) 238 - 3222

FINANCIAL SUMMARY ($ million) Financial year ending March 31.

	1992-93	1991-92	1990-91	1989-90	1988-89
Financial Position					
Total Assets	2.6	2.6	2.1	2.2	1.6
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	1.2	1.1	1.0	0.9	0.7
Operations					
Revenues	3.1	2.1	1.6	1.5	1.1
Net Income	0.2	0.1	0.1	0.2	(0.1)
Cash Flow	0.3	0.2	0.3	0.4	0.1
Funding from Canada					
Budgetary (operating & capital expenditures)	5.8	6.0	6.0	7.6	6.9
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	63	65	64	64	69

TELEGLOBE CANADA

MANDATE

To establish, maintain and operate, in Canada and elsewhere, international telecommunications services for the conduct of public communications. This mandate ended on April 3, 1987 with the sale of its business.

BACKGROUND

The corporation was established as the Canadian Overseas Telecommunications Corporation in 1949 and continued as Teleglobe Canada under the *Teleglobe Canada Act* in 1975. Following proclamation of the *Teleglobe Canada Reorganization and Divestiture Act*, the operating assets were transferred to a subsidiary (Teleglobe Inc.) and sold to Memotec Data Inc in 1987. The corporation's activities consisted in managing its cash resources and performing other duties and functions leading to its dissolution. Pursuant to the *Teleglobe Canada Reorganization and Divestiture Act*, the corporation's name was changed to TH(1987) [P.C. 1993-1384, 17/6/93] and was dissolved and deleted from Schedule III-II of the *Financial Administration Act* [P.C. 1993-1385, 17/6/93].

Appropriate Minister: The Honourable Paul Martin, P.C., M.P., Minister of Finance and Minister responsible for the Federal Office of Regional Development - Quebec

Incorporation and Status: 1949; by the *Canadian Overseas Telecommunications Act* (R.S.C. 1985, c. T-4); 1975, *Teleglobe Canada Act*; Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson and Chief Executive Officer: Vacant

Auditor: Auditor General of Canada

Head Office: c/o Canada Development Investment Corporation
Scotia Plaza, Suite 2703
P.O. Box 320, 40 King Street West
Toronto, Ontario, M5H 3Y2
(416) 864 - 0333

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988
Financial Position					
Total Assets	0.3	0.3	0.3	0.3	2.9
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	0.3	0.3	0.3	0.3	2.7
Operations					
Revenues	negl.	negl.	negl.	0.2	5.2
Net Income	negl.	negl.	negl.	0.1	2.9
Cash Flow	negl.	negl.	negl.	0.1	2.9
Funding from Canada					
Budgetary (operating & capital expenditures)	nil	nil	nil	nil	nil
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	2.5	85.0
Employment	0	0	0	0	0

negl. = negligible

VANCOUVER PORT CORPORATION

MANDATE

To administer, manage and control the Vancouver Harbour and all the works and property within the harbour under its jurisdiction.

BACKGROUND

The Vancouver Port Corporation was established as a parent Crown corporation on July 1, 1983, pursuant to the national ports policy to create local port corporations at the major ports and harbours previously under the centralized administration of the National Harbours Board and, since February 1983, the Canada Ports Corporation.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P. Minister of Transport

Incorporation and Status: 1983; letters patent of incorporation pursuant to subsection 25(1) of the *Canada Ports Corporation Act* (R.S.C. 1985, c. C-9); Schedule III, Part II of the *Financial Administration Act*; An agent of Her Majesty.

Chairperson: Patrick Reid

Chief Executive Officer: Captain Norman C. Stark

Auditors: Peat Marwick Thorne

Head Office: 1900 Granville Square
200 Granville Street
Vancouver, British Columbia, V6C 2P9
(604) 666 - 8966

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	**1991 (restated)**	**1990**	**1989**	**1988**
Financial Position					
Total Assets	328.4	317.1	307.9	303.4	291.7
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	3.0	3.3	3.5	3.7	3.9
Shareholder's Equity	307.8	292.2	274.2	287.8	267.6
Operations					
Revenues	64.5	69.3	68.5	62.2	58.7
Net Income	23.3	26.7	30.2	28.4	38.1
Cash Flow	30.9	35.2	38.4	36.4	35.0
Funding from Canada					
Budgetary	nil	nil	nil	nil	nil
Non-Budgetary	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	0.3	0.2	0.2	0.2	0.2
Dividends	7.7	8.7	43.9	8.1	6.0
Employment	220	229	226	227	220

VIA RAIL CANADA INC.

MANDATE

To manage and provide safe, efficient, effective and economic rail passenger service in Canada to meet the needs of the travelling public.

BACKGROUND

In accordance with contracts with the Minister of Transport, VIA Rail Canada Inc. (VIA) operates passenger train services over Canadian National Railway Company and Canadian Pacific Limited railway tracks. In the April 1989 federal Budget, the government announced reductions in planned funding for the corporation. A revised network, which was part of a new business plan that included increased fares and service reductions, was implemented on January 15, 1990. The 1993 federal Budget proposed that VIA's operating subsidies be reduced by $50 million in 1995-96 and thereafter by $100 million a year.

Appropriate Minister: The Honourable Douglas Young, P.C., M.P.
Minister of Transport

Incorporation and Status: 1977; under the *Canada Business Corporations Act*; Schedule III, Part I of the *Financial Administration Act*; Not an agent of Her Majesty.

Chairperson: Marc LeFrançois

Chief Executive Officer: Terry W. Ivany

Auditors: Auditor General of Canada and Raymond, Chabot, Martin, Paré

Head Office: 2 Place Ville-Marie
6th Floor
P.O Box 8116, Station A
Montreal, Quebec, H3B 2C9
(514) 871 - 6000

FINANCIAL SUMMARY ($ million) Financial year ending December 31.

	1992	1991	1990	1989	1988 (restated)
Financial Position					
Total Assets	866	914	932	938	1,070
Loans from Private Sector	nil	nil	nil	nil	nil
Loans from Canada	nil	nil	nil	nil	nil
Shareholder's Equity	677	665	663	606	839
Operations					
Revenues	487	478	493	720	733
Net Income	(33)	(39)	26	(294)	(57)
Cash Flow	12	6	67	(163)	(4)
Funding from Canada					
Budgetary (operating & capital expenditures)	376	368	382	532	637
Non-Budgetary (loans and investments)	nil	nil	nil	nil	nil
Payments to Canada					
Loan Repayments	nil	nil	nil	nil	nil
Dividends	nil	nil	nil	nil	nil
Employment	4,494	4,477	4,525	6,372	7,116

Financial Summary Terminology

The terminology below pertains to the Financial Summary section of the Corporate Abstracts.

FINANCIAL POSITION:

- **Total Assets**: represents all assets reported by the corporation in its audited financial statements.
- **Loans from Private Sector**: short-term borrowings, long-term borrowings, capital leases plus any other debt-like instrument. For the marketing boards (Canadian Dairy Commission, The Canadian Wheat Board, and Freshwater Fish Marketing Corporation), loans may include payments accruing to farmers, dairy producers and fishers.
- **Loans from Canada**: short-term borrowings, long-term borrowings, advances from the Government of Canada for working capital or other purposes, and other debt-like instruments.
- **Shareholder's Equity**: represents the equity of Canada. For some corporations, the excess of assets over liabilities is not deemed to be Equity of Canada because of the nature of their operations (i.e., marketing boards).

OPERATIONS:

- **Revenues**: includes revenues from all sources generated by the corporation. The amount includes income from: commercial activities, interest income, other income such as gain on sale of assets, and Parliamentary appropriations where these are specifically included in revenues by the corporation.
- **Net Income (Loss)**: is after taxes, where applicable, and any extraordinary items. It includes Parliamentary appropriations where the corporations have included these in the computation of Net Income (Loss). In some cases, Net Income (Loss) is the "Excess of Parliamentary appropriations over cost of operations" or "Excess of Proceeds over Expenditures".
- **Cash Flow**: is defined as Net Income (Loss) from operations plus or minus non-cash charges (or credits) to operations, for example, depreciation, amortization, gain on disposal of assets, write-down of properties, etc. Cash flow does not include changes in working capital items. It does include Parliamentary appropriations where the corporation includes these in the computation of net income.

FUNDING FROM CANADA:

- **Budgetary (operating and capital expenditures)**: are Parliamentary appropriations for capital and operating purposes. The amounts exclude grants and contributions paid to Crown corporations where they qualify as members of a general class of recipients. An example of such an exclusion is payments to the Canadian National Railway Company under the *Maritime Freight Rates Act*. Budgetary appropriations increase the expenditures of Canada and thus have a direct impact on the federal deficit.
- **Non-Budgetary (loans and investments)**: represents loans and ownership interests (i.e. contributed capital or share capital) invested by the Government of Canada during the year. These loans and investments do not have an impact on the federal deficit as they are recorded as assets of Canada. At the end of the fiscal year (March 31), a general provision for valuation is taken in the accounts of Canada on the entire stock of loans and investments to reflect estimated losses on realization.

PAYMENTS TO CANADA:

- **Loan Repayments**: payments made during the year by the corporation to the Government of Canada on loans outstanding.
- **Dividends**: are dividends declared by the corporation during the fiscal year of the corporation. Figure includes cash recoveries by Canada (where applicable), and other types of payments or contributions made to Canada. Dividends may be paid by the corporation to the Government of Canada before or after the corporation's year-end.

EMPLOYMENT:

- Data in the Report relate to the number of full-time employees and is obtained from sources such as an annual report, financial statements or a corporate plan and are as at the fiscal year-end of the Crown corporation. It includes data for the parent corporation and its wholly-owned subsidiaries; full-time staff, and employees outside of Canada. The exceptions are: data for the **Canada Development Investment Corporation** which relate to the parent corporation only; and data for the four **Pilotage Authorities** which include contract pilots.

PART III

LISTINGS OF THE CORPORATE INTERESTS OF CANADA

Part III
Corporate Interests of Canada

Table of Contents

INTRODUCTION

Part III of this Annual Report presents as of a specified date, all Crown corporations and all corporations of which any shares are held by, on behalf of, or in trust for the Crown or any Crown corporation. Part III responds to section 151(3)(a) of the *Financial Administration Act* and consists of three sections. Section 1 lists all the Crown corporations and their holdings. Section 2 lists the Other Corporate Interests of Canada and Section 3 provides general descriptive information about these Other Corporate Interests of Canada:

1. Listings of Crown Corporations and Their Corporate Holdings

The lists presented are:

- The Statistical Summary of Crown Corporations and Their Corporate Holdings — shows the number of parent Crown corporations, subsidiaries and associates on a comparative basis with those of the previous year.
- The Listing of Parent Crown Corporations and Their Corporate Holdings — shows each parent Crown corporation's corporate holdings.
- The Changes to the Listing During the Year — identifies for each parent Crown corporation any changes that have occurred in its holdings since last year's Annual Report. These changes have been incorporated into the above — Listing of Parent Crown Corporations and Their Corporate Holdings.

2. Listings of the Other Corporate Interests of Canada (as at March 31, 1993)

2.1 Statistical Summary—presents the numbers of: mixed and joint enterprises, other entities, and international organizations as at March 31, 1993 in comparison with March 31, 1992.

The Listings are grouped as:

2.2 Mixed Enterprises—corporate entities whose shares are partially owned by Canada, through a Minister. The balance of shares is owned by private sector parties.

2.3 Joint Enterprises—corporate entities whose shares are partially owned by Canada, through a Minister. The balance of shares is owned by another level of government.

2.4 Other Entities—corporate entities in which Canada holds no shares but, either directly or through a Crown corporation, has a right pursuant to statute, articles of incorporation, letters patent or by-law, to appoint or nominate one or more members to the board of directors or similar governing body.

2.5 International Organizations—corporate entities created pursuant to international agreements by which Canada has a right to appoint or elect members to a governing body.

2.6 Changes to the Listings—presents the names of the other corporate interests of Canada deleted or added to the listings since the last Annual Report as at March 31, 1993.

3. Information about the Other Corporate Interests of Canada

General background information for each of the mixed and joint enterprises, other entities, and international organizations, is presented on Tables 3.1 to 3.4. These individual descriptions include: the federal ownership percentage based on the number of votes, the address of the entity's head office, the responsible Minister, the statutory authority, the year of incorporation, the fiscal year-end, the financial position, the name of the auditor and a brief overview of the organization's mandate along with the government's objective for the investment. Readers may obtain additional information for any specific entity by referring to its statutory authority, its annual report or by contacting the corporation directly.

1. LISTINGS OF CROWN CORPORATIONS AND THEIR CORPORATE HOLDINGS

1.1 Statistical Summary of Crown Corporations and Their Corporate Holdings
(as at their financial year-ends on or before July 31, 1993)

	1993	1992
Crown Corporations		
• Parent Crown corporations	48	55
• Wholly-owned subsidiaries	63	59
Other Corporate Holdings of Crown Corporations		
• Subsidiaries held at 50% or more but less than 100%	18	17
• Associates held at less than 50%	28	31

1.2 Listing of Parent Crown Corporations[1] and Their Corporate Holdings
(as at their financial year-ends on or before July 31, 1993)

1. Atlantic Pilotage Authority (III-I)
2. Atomic Energy of Canada Limited (III-I)
    - Subsidiary held at 100%
        - AECL Inc.
3. Bank of Canada (Exempted)
4. Canada Council (Exempted)
5. Canada Deposit Insurance Corporation (III-I)
6. Canada Development Investment Corporation (III-II)
    - Subsidiaries held at 100%
        - Canada Eldor Inc. — and its Subsidiaries/Associate
        - Cameco Corporation (9.6%)
        - Eldorado Aviation Limited[2]
        - Eldorado Nuclear (1989) Limited[2]
        - Eldorado Resources Limited[2]
        - Cartierville Financial Corporation Inc.
        - Canada Hibernia Holding Corporation
        - Theratronics International Limited - and its Associate/Subsidiary
        - Medical High Technology Inc. (48%)
        - Meicor Inc. (65%)
    - Subsidiary held at 50-99%
        - Ginn Publishing Canada Inc. (51%)— and its Subsidiaries
        - GLC Publishers Limited
        - GPCL (Canada) Limited
    - Associate held at less than 50%
        - Varity Corporation[3]
7. Canada Lands Company Limited (III-I)
    - Subsidiaries held at 100%
        - Canada Lands Company (Vieux-Port de Québec) Inc.[4]
        - Canada Museums Construction Corporation Inc.
        - Old Port of Montreal Corporation Inc.[5]
8. Canada Mortgage and Housing Corporation (III-I)
9. Canada Ports Corporation (III-II)
    - Subsidiary held at 100%
        - Ridley Terminals Inc.
10. Canada Post Corporation (III-II)
    - Subsidiaries held at 100%
        - Canada Post Systems Management Ltd.
        - CINA Holdings B.V.— and its Associate
        - G.D. Net B.V. (12%)— and its Subsidiary
            - G.D. Express Worldwide N.V. (50%)
    - Associate held at less than 50%
        - Cooperative Vereniging International Post Corporation U.A. (6.8%)— and its Subsidiary/Associate
        - EMS International Post Corporation S.A. (96%)
        - International Post Corporation S.A. (Unipost) (4%)

11. Canadian Broadcasting Corporation (Exempted)
    - Associates held at less than 50%
        - Bramalea (22 million shares)
        - Cable North Microwave Limited (1 share)
        - Master FM Limited (20%)
        - Visnews Limited (1 share)
12. Canadian Commercial Corporation (III-I)
13. Canadian Dairy Commission (III-I)
14. Canadian Film Development Corporation (Exempted)
15. Canadian Museum of Civilization (III-I)
16. Canadian Museum of Nature (III-I)
17. Canadian National Railway Company (III-II)
    - Subsidiaries held at 100%
        - Autoport Limited
        - The Canada and Gulf Terminal Railway Company
        - Canadian National Express Company
        - The Canadian National Railways Securities Trust
        - Canadian National Steamship Company, Limited
        - Canadian National Telegraph Company — and its Subsidiary
        - The Great North Western Telegraph Company of Canada (94.54%)
        - Canadian National Transfer Company Limited
        - Canadian National Transportation, Limited — and its Subsidiaries
        - Chapman Transport Limited
        - Empire Freightways Limited
        - Royal Transportation Limited
        - Canat Limited
        - CN (France) S.A.
        - CNM Inc. — and its Subsidiary/Associates
        - Lakespan Marine Inc. (50%)
        - Seabase Limited (15%)
        - CN Tower Limited
        - CN Transactions Inc. — and its Subsidiaries
            - Canac International Inc. — and its Subsidiary
                - Canac International Ltd.
            - Canaprev Inc. (50%)
            - CN Exploration Inc.
            - Portage & Main Development Ltd. (50%)
        - EID Electronic Identification Systems Ltd.
        - Grand Trunk Corporation — and its Subsidiaries
        - Central Vermont Railway, Inc. — and its Subsidiary
            - Domestic Four Leasing Corporation
        - Domestic Two Leasing Corporation — and its Subsidiary
            - Relco Financial Corp.
        - Duluth, Winnipeg and Pacific Railway Company
        - Grand Trunk Land Development Corporation
        - Grand Trunk Technologies, Inc.

17. Canadian National Railway Company (III-II) — Concluded
    - Subsidiaries held at 100% — Concluded
        - Grand Trunk Corporation — and its Subsidiaries — Concluded
        - Grand Trunk Western Railroad Company — and its Subsidiary/Associates
            - The Belt Railway Company of Chicago (8.33%)
            - Domestic Three Leasing Corporation
            - TTX Company (2.6%)
        - Société du port ferroviaire de Baie Comeau - Hauterive
        - St-Clair Tunnel Company
        - St-Clair Tunnel Construction Company
        - The Minnesota and Manitoba Railroad Company
        - The Minnesota and Ontario Bridge Company
        - Mount Royal Tunnel and Terminal Company, Limited
        - 17335 Canada Inc. — and its Subsidiary
        - The Toronto Terminal Railway Company (50%)
    - Subsidiaries held at 50-99%
        - The Canada Southern Railway Company (50%) — and its Subsidiary
        - The Niagara River Bridge Co.
        - The Canadian Northern Quebec Railway Company (59.7%)
        - Detroit River Tunnel Company (50%)
        - Innotermodal Inc. (50%)
        - The Northern Consolidated Holding Company Limited (71.9%)
        - The Quebec and Lake St. John Railway Company (89.1%)
        - Shawinigan Terminal Railway Company (50%)
    - Associates held at less than 50%
        - Compagnie de gestion de Matane Inc. (49%)
        - Corporation de Chauffage Urbain de Montréal (30%)
        - Dome Consortium Investments Inc. (6.7%)
        - Eurocanadian Shipholdings Limited (18%)
        - Fort Point Holdings Ltd. (25%)
        - Halterm Limited (33.33%)
        - Railroad Association Insurance, Ltd. (7.5%)
18. Canadian Saltfish Corporation (III-I)
19. Canadian Wheat Board, The (Exempted)
20. Cape Breton Development Corporation (III-I)
    - Subsidiary held at 100%
        - Cape Breton Carbofuels Limited[2]
21. Defence Construction (1951) Limited (III-I)
22. Enterprise Cape Breton Corporation (III-I)
    - Subsidiaries held at 100%
        - Cape Breton Marine Farming Limited[2]
        - DARR (Cape Breton) Limited[2]
        - Gulf Bras D'Or Estates Limited[2]
    - Subsidiary held at 50-99%
        - Whale Cove Summer Village Limited (62.5%)
    - Associates held at less than 50%
        - Canadian Tennis Technology Limited
        - General Mining Building Limited

22. Enterprise Cape Breton Corporation (III-I) — Concluded
    - Associates held at less than 50%—Concluded
        - Magi Corporation
        - Silver Screen Star Limited
23. Export Development Corporation (III-I)
24. Farm Credit Corporation (III-I)
25. Federal Business Development Bank (III-I)
    - Associate held at less than 50%
        - Cominco Ltd.[3]
26. Freshwater Fish Marketing Corporation (III-I)
27. Great Lakes Pilotage Authority, Ltd. (III-I)
28. Halifax Port Corporation (III-II)
29. International Development Research Centre (Exempted)
30. Laurentian Pilotage Authority (III-I)
31. Marine Atlantic Inc. (III-I)
    - Subsidiaries held at 100%
        - Coastal Transport Ltd.
        - Newfoundland Dockyard Company
32. Montréal Port Corporation (III-II)
    - Subsidiary held at 100%
        - 176422 Canada Inc.
33. National Arts Centre Corporation (Exempted)
34. National Capital Commission (III-I)
35. National Gallery of Canada (III-I)
36. National Museum of Science and Technology (III-I)
37. Pacific Pilotage Authority (III-I)
38. Petro-Canada Limited (III-II)
39. Port of Québec Corporation (III-II)
40. Prince Rupert Port Corporation (III-II)
41. Queens Quay West Land Corporation (III-I)[6]
    - Subsidiaries held at 100%
        - Peter Street Basin Properties Inc.
        - 630370 Ontario Ltd.
42. Royal Canadian Mint (III-II)
43. Saint John Port Corporation (III-II)
44. St. John's Port Corporation (III-II)
45. St. Lawrence Seaway Authority, The (III-I)
    - Subsidiaries held at 100%
        - Great Lakes Pilotage Authority, Ltd.[7]
        - The Jacques Cartier and Champlain Bridges Incorporated
        - The Seaway International Bridge Corporation, Ltd.
46. Standards Council of Canada (III-I)
47. Vancouver Port Corporation (III-II)
    - Subsidiary held at 100%
        - Canaada Harbour Place Corporation
48. VIA Rail Canada Inc. (III-I)
    - Associate held at less than 50%
        - Railroad Association Insurance, Ltd. (4%)

Teleglobe Canada[8]

Notes to Listing of Crown Corporations and Their Corporate Holdings

1. For each parent Crown corporation the parentheses immediately following the corporation's name shows how it is scheduled in the *Financial Administration Act* (FAA). Unscheduled Crown corporations are denoted as *"exempted"* in parentheses. Under the FAA, a subsidiary, if it is wholly-owned directly or indirectly by one or more parent Crown corporation, is a Crown corporation.

2. Inactive corporation.

3. Only non-voting preferred shares are held.

4. Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations on March 31, 1988. A decision has yet to be taken with respect to its formal dissolution pending the resolution of certain legal matters.

5. Old Port of Montreal Corporation Inc., a wholly-owned subsidiary of Canada Lands Company Limited, has been directed to report its affairs as if it were a parent Crown corporation.

6. Pursuant to Order-in-Council P.C. 1993-1354, the corporation's name was changed from "Harbourfront Corporation" to "Queens Quay West Land Corporation".

7. Not included in Statistical Summary of wholly-owned subsidiaries. Scheduled as a parent Crown corporation pursuant to *The Pilotage Act*.

8. Pursuant to the *Teleglobe Canada Reorganization and Divestiture Act*, Teleglobe Canada's name was changed to TH(1987) on July 28, 1993 [P.C. 1993-1384] and TH(1987) was deleted from Schedule III-II of the FAA on July 29, 1993 [P.C. 1993-1385 dated 17/06/93].

1.3 Changes to the Listing During the Year

1. Canada Development Investment Corporation
    - Subsidiaries held at 100%
        - Canada Eldor Inc. — and its Subsidiaries/Associates
            - Cameco Corporation (9.6%) — Added
            - Cameco — A Canadian Mining & Energy Corporation (19.3%) — Deleted
        - Canada Hibernia Holding Corporation — Added
2. Canada Harbour Place Corporation — Deleted
3. Canada Lands Company Limited
    - Subsidiary held at 100%
        - Canada Museums Construction Corporation Inc. — Added
4. Canada Museums Construction Corporation Inc. — Deleted
5. Canadian Broadcasting Corporation (Exempted)
    - Associates held at lass than 50%
        - Bramalea (22 million shares) — Added
6. Canadian Institute for International Peace and Security — Deleted
7. Canadian National Railway Company
    - Subsidiary held at 100%
        - CNM Inc. — and its Subsidiaries/Associates
            - Halifax Industries (Holdings) Limited (33.3%) — Deleted
        - CN Transactions Inc. — and its Subsidiary
            - Canaven Limited — Deleted
        - Grand Trunk Corporation — and its Subsidiaries
            - Grand Trunk Western Railroad Company — and its Subsidiary/Associates
                - Chicago and Western Railroad Company (20%) — Deleted
            - Grand Trunk Radio Communications, Inc. — Deleted
            - Grand Trunk Technologies, Inc. — Added
        - Société du port ferroviaire de Baie Comeau - Hauterive — Added
        - St-Clair Tunnel Company — Added
        - St-Clair Tunnel Construction Company — Added
    - Subsidiaries held at 50-99%
        - The Canada Southern Railway Company (50%) — and its Subsidiary
            - The Niagara River Bridge Co. — Added
    - Associates held at less than 50%
        - Telesat Canada (3.7%) — Deleted
8. Canadian National (West Indies) Steamships, Ltd. — Deleted
9. Canadian Patents and Development Limited — Deleted
10. Enterprise Cape Breton Corporation
    - Associates held at less than 50%
        - Barklay Systems Limited — Deleted
11. Harbourfront Corporation — Deleted
12. International Centre for Ocean Development — Deleted
13. Petro-Canada Limited
    - Subsidiary held at 100%
        - Petro-Canada International Assistance Corporation — Deleted
14. Queens Quay West Land Corporation — Added
15. Vancouver Port Corporation
    - Subsidiary held at 100%
        - Canada Harbour Place Corporation — Added
16. Teleglobe Canada — Deleted

2. LISTINGS OF THE OTHER CORPORATE INTERESTS OF CANADA

2.1 Statistical Summary of the Other Corporate Interests of Canada *(as at March 31).*

	1993	1992
Mixed Enterprises	16	9
Joint Enterprises	3	3
Other Entities	49	50
International Organizations	15	15

2.2 Listing of Mixed Enterprises (*as at March 31, 1993*)

These enterprises are partly owned by Canada, in conjunction with other levels of government or with private sector parties to further common objectives. Their subsidiaries and associates are not listed. Table 3.1 provides additional information about each of these corporate interests.

1. Canarctic Shipping Company Limited
2. Cooperative Energy Corporation
3. National Sea Products Limited
4. NPM Nuclear Project Managers Canada Inc.
5. Petro-Canada

Under terms of the *Bankruptcy Act*, the Superintendent of Bankruptcy has received shares in the following corporations:

6. Amertek Inc.
7. Blake Resources
8. Braeswood Explorations Limited
9. Colby Resources Corp.
10. Gemini Technology Inc.
11. Havelock Energy and Resources Inc.
12. International Datacasting Corporation
13. Kenloch Distillers Ltd.
14. Mission River Petroleum Ltd.
15. North Slope Refiners Inc.
16. Solid Gold Capital Corp.

2.3 Listing of Joint Enterprises (*as at March 31, 1993*)

These enterprises are partly owned by Canada, in conjunction with other levels of government to further common objectives. Table 3.2 provides additional information about each of these.

1. Lower Churchill Development Corporation Limited
2. North Portage Development Corporation
3. Société du parc industriel et portuaire Québec-sud

2.4 Listing of Other Entities (*as at March 31, 1993*)

These are corporate entities without share capital for which the Government of Canada has a right to appoint members to the boards of directors or similar governing bodies. The Harbour Commissions are grouped at the foot of this list. Table 3.3 provides additional information about each of these corporations.

1. Army Benevolent Fund
2. Asia-Pacific Foundation of Canada
3. Association for the Export of Canadian Books
4. Blue Water Bridge Authority
5. Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children
6. Buffalo and Fort Erie Public Bridge Authority
7. Calgary Olympic Development Association
8. Canada Grains Council
9. Canadian Centre on Substance Abuse
10. Canadian Fitness and Lifestyle Research Institute
11. Canadian International Grains Institute
12. Canadian Livestock Records Corporation
13. Canadian Sport and Fitness Administration Centre, Inc.
14. Coaching Association of Canada
15. Forest Engineering Research Institute of Canada
16. Forintek Canada Corporation
17. International Centre for Human Rights and Democratic Development
18. International Fisheries Commissions Pension Society
19. Kamloops 1993 Canada Games Society
20. Last Post Fund
21. Maritime Forestry Complex Corporation
22 Medical Council of Canada
23. National Community Tree Foundation
24. Nature Trust of British Columbia, The
25. Northern Native Fishing Corporation
26. PARTICIPaction
27. POS Pilot Plant Corporation
28. Pulp and Paper Research Institute of Canada

29. Roosevelt Campobello International Park Commission
30. Saint John Harbour Bridge Authority
31. Sport Information Resource Centre
32. Terry Fox Humanitarian Award Inc.
33. Vanier Institute of the Family, The
34. Western Grains Research Foundation
35. Wildlife Habitat Canada
36. 1995 Canada Winter Games Host Society, The
37. 1995 World Nordic Championships Organizing Committee
38. 1994 Victoria Commonwealth Games Host Society
39. 1991 Canada Games Foundation (P.E.I.) Inc., The
40. 1989 Jeux Canada Games Foundation Inc.

Harbour Commissions:

41. Fraser River Harbour Commission
42. Hamilton Harbour Commissioners, The
43. Nanaimo Harbour Commission
44. North Fraser Harbour Commission
45. Oshawa Harbour Commission
46. Port Alberni Harbour Commission
47. Thunder Bay Harbour Commission
48. Toronto Harbour Commissioners, The
49. Windsor Harbour Commission

2.5 Listing of International Organizations (*as at March 31, 1993*)

Corporate entities created pursuant to international agreements where Canada has a right to appoint or elect members to a governing body. Table 3.4 provides additional information about each of these corporations.

1. African Development Bank
2. African Development Fund
3. Asian Development Bank
4. Caribbean Development Bank
5. Commonwealth War Graves Commission
6. European Bank for Reconstruction and Development
7. Inter-American Development Bank
8. International Bank for Reconstruction and Development
9. International Boundary Commission
10. International Development Association
11. International Finance Corporation
12. International Fund for Agricultural Development
13. International Monetary Fund
14. International Porcupine Caribou Board
15. Multilateral Investment Guarantee Agency

2.6 Changes to the Listings During the Year ended March 31, 1993

Mixed Enterprises (listing 2.2)

Added to the Listing:
- Amertek Inc.
- Braeswood Explorations Limited
- Colby Resources Corp.
- Havelock Energy & Resources Inc.
- International Datacasting Corporation
- Kenloch Distillers Ltd.
- Mission River Petroleum Ltd.
- North Slope Refiners Inc.

Deleted from the Listing:
- Telesat Canada

Joint Enterprises (listing 2.3)

No additions or deletions to the Listing

Other Entities (listing 2.4)

No additions to the Listing

Deleted from the Listing:
- Focus on Active Living '92

International Organizations (listing 2.5)

No additions or deletions to the Listing

3. INFORMATION ABOUT THE OTHER CORPORATE INTERESTS OF CANADA

3.1 Mixed Enterprises[1]

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Fiscal Year End/ Total Assets (A)/ Liabilities (L)/ Auditor	Federal Ownership
Responsible Minister:	**Minister of Finance and Minister Responsible for the Federal Office of Regional Development - Quebec**				
National Sea Products Limited	To process and market fish, seafoods and fish by-products around the world. To assist in the restructuring of the Atlantic Fisheries.	Suite 600 1959 Upper Water Street P.O. Box 2130 Halifax, N.S. B3J 3B7 (902) 422 - 9381	The Companies Act of Nova Scotia, amalgamated in 1967	January 21 A = $259.5M L = $208.8M Ernst & Young	10.6%
Petro-Canada	To explore for, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.	150-6th Ave. S.W. 52nd Floor, West Tower Calgary, Alberta T2P 3E3 (403) 296 - 8000	Canada Business Corporations Act, 1975	December 31 A= $5,356M L= $2,707M Arthur Andersen & Company	70.3%
Responsible Minister:	**Minister of Natural Resources**				
Cooperative Energy Corporation[2]	To operate an energy corporation that explores and develops new Canadian oil and gas resources. To bring together co-operative, financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.	Suite 1600, 530-8 Avenue S.W. Calgary, Alta. T2P 3S8 (403) 266 - 7800	Cooperative Energy Act, 1982	December 31 A = $36.853M L = $2.953M Deloitte & Touche	25%
NPM Nuclear Project Managers Canada Inc.	Nuclear project and construction management. To transfer this activity to the private sector.	2020 University 22nd Floor Montreal, Quebec H3A 2A5 (514) 288 - 1990	Canada Business Corporations Act, 1982	March 31 A = N/A L = N/A N/A	17.14%

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Fiscal Year End/ Total Assets (A)/ Liabilities (L)/ Auditor	Federal Owner-ship
Responsible Minister: Minister of Transport					
Canarctic Shipping Company Limited	To demonstrate Canadian capability in Arctic ship design and operation; and to use the ship: as a demonstration of sovereignty, for advancing ice navigation technology, and for effectively testing the extension of the arctic season.	150 Metcalfe Street P.O. Box 39 Ottawa, Ontario K2P 1P1 (613) 234 - 8414	Canada Corporations Act, 1976	December 31 A = $6.4M L = $7.0M Coopers & Lybrand	51%

[1] Excludes corporate interests which the Superintendent of Bankruptcy has received under the Bankruptcy Act.

[2] Cooperative Energy Corporation, owned jointly by the government and 37 co-operatives, was established as a holding company for the group's equity interest in Co-enerco Resources Ltd. This equity interest was disposed of in two tranches, one in October 1992 and the other in March 1993 and steps have been initiated to provide for the dissolution of Cooperative Energy Corporation.

N/A = not available at time of printing

M = millions of dollars

3.2 Joint Enterprises

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Fiscal Year End/ Total Assets (A)/ Liabilities (L)/ Auditor	Federal Owner-ship
Responsible Minister:	**Minister of Health**				
Société du parc industriel et portuaire Québec-Sud	To encourage, in the town of Lauzon, the development of an industrial park and harbour facility suited to major industrial projects. To manage this industrial park and harbour facility.	10, rue Giguère Lévis-Lauzon, Québec G6V 1N6 (418) 833 - 5925	Loi spéciale Gouvernement du Québec, 1974	March 31 A = $2.9M L = $2.6K Laliberté, Lanctôt, Coopers & Lybrand	40%
Responsible Minister:	**Minister of Human Resources Development and Western Economic Diversification**				
North Portage Development Corporation	To foster the social and economic redevelopment of the North Portage area in Winnipeg.	56 The Promenade Winnipeg, Man. R3B 3H9 (204) 947 - 1744	Manitoba Corporations Act, 1983	March 31 A = $99.9M L = $25.9M Coopers & Lybrand	33.3%
Responsible Minister:	**Minister of Natural Resources**				
Lower Churchill Development Corporation Limited	To establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the line transmission of this energy to markets.	P.O. Box 12700 St. John's, Nfld. A1B 3T5 (709) 737 - 1400	Newfoundland Companies Act, 1978	December 31 A = $30.2M L = $3M Ernst & Young	50%

N/A = not available at time of printing

M = millions of dollars

3.3 Other Entities

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Responsible Minister:	**Minister of Agriculture and Agri-Food**			
Canadian Livestock Records Corporation	To perform services for and on behalf of members of the fifty Breed Associations. To ensure the maintenance of the General Stud and Herd Books.	2417 Holly Lane Ottawa, Ontario K1V 0M7 (613) 731 - 7110	Animal Pedigree Act, 1988	Ernst & Young
Western Grains Research Foundation	To initiate, encourage, support and conduct research into grain production and into economic and market development of grain products.	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4 (306) 975 - 0060	Canada Corporations Act, 1981	Coopers & Lybrand
Responsible Minister:	**Minister of Canadian Heritage**			
Association for the Export of Canadian Books	To promote the export of Canadian books. To administer the export budget for the Department of Canadian Heritages' Book Publishing Industry Development Program.	1 Nicholas St. Suite 1101 Ottawa, Ontario K1N 7B7 (613) 562 - 2324	Canada Corporations Act, 1972	Robert B. Shortley
Responsible Minister:	**Deputy Prime Minister and Minister of the Environment**			
Wildlife Habitat Canada	To promote the conservation, restoration and enhancement of wildlife habitat in Canada in order to retain the diversity, distribution and abundance of wildlife. That is to say, all non-domestic species of animals and plants.	7 Hinton Avenue Suite 200 Ottawa, Ontario K1Y 4P1 (613) 722 - 2090	Canada Corporations Act, 1984	Peat Marwick Thorne
Responsible Minister:	**Minister of Finance and Minister responsible for the Federal Office of Regional Development - Quebec**			
Buffalo and Fort Erie Public Bridge Authority	To construct, maintain and operate a bridge across the Niagara River between Buffalo, New York and Fort Erie, Ontario.	The Peace Bridge Peace Bridge Plaza Buffalo, N.Y. 14213 U.S.A. (716) 884 - 6744	Buffalo and Fort Erie Public Bridges Company Act, 1934	Ernst and Young

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Responsible Minister: Minister of Fisheries and Oceans				
International Fisheries Commissions Pension Society	To arrange for and administer the provision of pensions and insurance for the employees of any international fisheries commission, whose seat or headquarters in any country is established and maintained by Canada or the U.S., or both.	c/o Treasury Board of Canada L'Esplanade Laurier 5th Floor, West Tower 300 Laurier Ave. Ottawa, Ontario K1A 0R5 (613) 952 - 3248	Canada Corporations Act, 1957	Auditor General of Canada
Responsible Minister: Minister of Foreign Affairs				
Asia-Pacific Foundation of Canada	To develop closer ties between the peoples and institutions of Canada and the Asia-Pacific region.	Suite 666 999 Canada Place Vancouver, B.C. V6C 3E1 (604) 684 - 5986	Asia-Pacific Foundation of Canada Act, 1984	Arthur Anderson & Co.
International Centre for Human Rights and Democratic Development	To promote and support cooperation between Canada and other countries for the purpose of developing and strengthening human rights institutions.	63, rue de Brésoles 1st Floor Montreal, Quebec H2Y 1V7 (514) 283 - 6073	International Centre for Human Rights and Democratic Development Act, 1988	Auditor General of Canada
Roosevelt Campobello International Park Commission	To administer as a memorial the Roosevelt Campobello International Park.	P.O. Box 9 Welshpool, Campobello Is, N.B. E0G 3H0 (506) 752 - 2992	The Roosevelt Campobello International Park Commission Act, 1964	Foster, Carpenter, Black & Co.
Responsible Minister: Minister of Health				
Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children	To further research into the diseases of children and the prevention and cure of such diseases.	Holland Cross 5th Floor, Tower B 1600 Scott Street Ottawa, Ontario K1A 0W9 (613) 954 - 1813	Queen Elizabeth II Canadian Research Fund Act, 1959	Auditor General of Canada

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Calgary Olympic Development Association	To foster the development of Canadian athletics; to administer the Olympic Endowment Funds; and to operate and maintain the Canada Olympic Park.	The Day Lodge Canada Olympic Park Beaufort Road, N.W., SS#1 Calgary, Alta. T2M 4N3 (403) 247 - 5416	Societies Act of Alberta, 1979	Price Waterhouse
Canadian Centre on Substance Abuse	To promote increased awareness, on the part of Canadians, of matters relating to alcohol and drug abuse and their increased participation in the reduction of harm associated with such abuse, and to promote the use of relevant programs.	112 Kent Street Suite 480 Ottawa, Ontario K1P 5P2 (613) 235 - 4048	Canadian Centre on Substance Abuse Act, 1988	McIntyre & McLarty
Canadian Fitness and Lifestyle Research Institute	To conduct research, and collect, interpret and disseminate information pertaining to the fitness levels of Canadians.	47 Clarence Street Suite 200 Ottawa, Ontario K1N 9K1 (613) 236 - 0173	Canada Corporations Act, 1980	Deloitte & Touche
Canadian Sport and Fitness Administration Centre, Inc.	To assist organizations concerned with the development of Canadian sport and fitness by providing support services in the area of administration and promotion.	1600 James Naismith Drive Gloucester, Ontario K1B 5N4 (613) 746 - 0060	Canada Corporations Act, 1974	Peat Marwick Thorne
Coaching Association of Canada	To improve the formal training of coaches through the National Coaching Certification Program and related programs, and to consolidate a profession of coaching which will ensure job opportunities are matched by qualified candidates.	1600 James Naismith Drive Gloucester, Ontario K1B 5N4 (613) 748 - 5624	Canada Corporations Act, 1971	Ouseley Guindon Hanvey Charron
Kamloops 1993 Canada Games Host Society, The	To plan, organize and stage the 1993 Canada Summer Games.	118 Victoria Street Kamloops, B.C. V2C 6N9 (604) 372 - 1993	B.C. Society Act, 1990	Price Waterhouse
Medical Council of Canada	To promote and effect the establishment of a qualification in medicine, such that the holders thereof shall be acceptable and empowered to practice in all the provinces of Canada.	2283 St. Laurent Blvd P.O. Box 8234 Ottawa, Ontario K1G 3H7 (613) 521 - 6012	Canada Medical Act, 1912	Peat Marwick Thorne

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
PARTICIPaction	To inform Canadians about the positive benefits of physical fitness and to motivate them to adopt healthy, physically active lifestyles. To promote fitness through participation in sport and physical recreation.	40 Dundas St. West Suite 220 Toronto, Ontario M5G 2C2 (416) 977 - 7467	Canada Corporations Act, 1971	Peat Marwick Thorne
Sport Information Resource Centre	To maintain a non-profit national sport information resource centre to serve the educational needs of those involved in the development of sport and fitness in Canada.	1600 James Naismith Drive Gloucester, Ontario K1B 5N5 (613) 748 - 5658	Canada Corporations Act, 1987	N/A
Terry Fox Humanitarian Award Inc.	To encourage Canadian youth to seek high ideals as represented by Terry Fox by granting commemorative scholarships for the pursuit of higher education. To establish, maintain and manage an endowment fund.	711-151 Sparks St. Ottawa, Ontario K1P 5E3 (613) 235 - 1803	Canada Corporations Act, 1982	Deloitte & Touche
1995 Canada Winter Games Host Society	To plan, organize and stage the 1995 Canada Winter Games.	P.O. Box 1995 Grande Prairie, Alberta T8V 6V2 (403) 539 - 1995	Alberta Society Act, 1990	N/A
1995 World Nordic Championships Organizing Committee	To organize the 1995 World Nordic Championships.	3rd Floor, City Hall 500 Donald St. East Thunder Bay, Ontario N7T 7H7 (807) 343 - 8744	Ontario Business Corporations Act, 1991	N/A
1994 Victoria Commonwealth Games Host Society	To organize and stage the XVth Commonwealth Games.	Suite 1210 345 Quebec Street Victoria, B.C. V8W 3M8 (604) 380 - 1994	Society Act of British Columbia, 1988	Peat Marwick Thorne
1991 Canada Games Foundation (P.E.I) Inc., The	To promote and support amateur sport throughout host provinces by directing the surplus generated by sound management of the Games.	P.O. Box 2000 Attn: Mr. J. Kane Charlottetown, P.E.I. C1A 7N8 (902) 652 - 2356	Canada Corporations Act, 1987	N/A
1989 Jeux Canada Games Foundation Inc.	To promote and support amateur sport throughout host provinces by directing the surplus generated by sound management of the Games.	P.O. Box 1989 Saskatoon, Sask. S7K 3S5 (306) 664 - 2789	Non-Profit Corporations Act, 1990	Horachek Cannam Joa

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Responsible Minister:	**Minister of Human Resources Development and Minister of Western Economic Diversification**			
Canada Grains Council	To encourage a coordinated effort in improving Canada's performance in world grain markets, to promote and conduct research, and to formulate recommendations and provide advice to government representing a concensus within the industry.	360 Main Street Suite 760 Winnipeg, Man. R3C 3Z3 (204) 942 - 2254	Canada Corporations Act, 1969	PMG, Peat Marwick Thorne
Canadian International Grains Institute	To promote, on a non-profit basis, for the general advantage of Canada, the development, maintenance and enlargement of Canadian and international markets for Canadian grains and oilseeds and the products thereof.	303 Main St. Suite 1000 Winnipeg, Man. R3C 3G7 (204) 983 - 3289	Canada Corporations Act, 1972	Deloitte & Touche
POS Pilot Plant Corporation	To be a practical world-class research and development facility for Canadian and international industry so that secondary and tertiary industry can be started and developed in Canada.	118 Veterinary Rd. Saskatoon, Sask. S7N 2R4 (306) 975 - 7066	Canada Corporations Act, 1973	Peat Marwick Thorne
Responsible Minister:	**Minister of Indian Affairs and Northern Development**			
Northern Native Fishing Corporation	To preserve a fleet of fishing vessels and related licences for the long-term benefit of native fishermen, and to foster their development as independent business operators.	P.O. Box 876 4-214 Third Ave. W. Prince Rupert, B.C. V8J 3Y1 (604) 627 - 8436	British Columbia Companies Act, 1982	Carlyle Shepherd & Co.
Responsible Minister:	**Minister of National Defence and Veterans Affairs**			
Army Benevolent Fund	To relieve distress and promote the well-being of Second World War veterans of the Canadian Army and their dependants through the provision of financial assistance.	245 Cooper Street Ottawa, Ontario K2P 0G2 (613) 996 - 6150	Army Benevolent Fund Act, 1947	Auditor General of Canada
Last Post Fund	To ensure the provision of a dignified funeral and burial to eligible war veterans.	685 Cathcart St. Suite 921 Montreal, Quebec H3B 1M7 (514) 866 - 2888	Federal Charter, 1921	Supply and Services Canada Audit Services Bureau

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Responsible Minister: Minister of Natural Resources				
Forest Engineering Research Institute of Canada	To conduct research and development aimed at improving the efficiency of operations relating to the harvesting and transportation of wood and to improving the equipment used for silvercultural and private woodlots forestry.	143, Place Frontenac Pointe Claire, Quebec H9R 4Z7 (514) 694 - 1140	Canada Corporations Act, 1976	Bélair, Deloitte & Touche
Forintek Canada Corporation	To be the leading force in the technological advancement of the Canadian wood products industry, through creation and implementation of innovative concepts, processes, products, and education programs.	2665 East Mall University of British Columbia Vancouver, B.C. V6T 1W5 (604) 224 - 3221	Canada Corporations Act, 1979	Deloitte & Touche
Maritime Forestry Complex Corporation	To establish a Maritime Provinces Regional Forestry Complex.	Hugh John Flemming Forestry Centre RR#10, Fredericton, N.B. E3B 6H6 (506) 453 - 3801	Maritime Forestry Complex Corporations Act, New Brunswick, 1980	Deloitte & Touche
National Community Tree Foundation	To promote public awareness and education regarding Canada's forests, to provide leadership and community action in building the conservation ethic in Canada and in coordinating actions and soliciting cooperation and funding, in support of tree planting and forest conservation.	220 Laurier Avenue West Suite 1550 Ottawa, Ontario K1P 5Z9 (613) 567 - 5545	Canada Corporations Act, 1991	Peat Marwick Thorne
Pulp and Paper Research Institute of Canada	To enhance the technical competitiveness of its member companies by providing them with basic research data and improved technology.	570 Saint-Jean Blvd. Pointe Claire, Quebec H9R 3J9 (514) 630 - 4100	Canada Companies Act, 1950	Deloitte & Touche
Responsible Minister: Prime Minister				
Nature Trust of British Columbia, The	To purchase and preserve ecologically important parcels of land in B.C.	909-100, Park Royal South, West Vancouver, B.C. V7T 1A2 (604) 925 - 1128	Canada Corporations Act, 1971	Peat Marwick Thorne

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
Vanier Institute of the Family, The	To promote the spiritual and material well-being of Canadian families and to study their social, physical, mental, moral and financial environment and characteristics.	120 Holland Ave. Ottawa, Ontario K1A 0X6 (613) 722 - 4007	Canada Business Corporations Act, 1965	Coopers & Lybrand
Responsible Minister: Minister of Transport				
Blue Water Bridge Authority	To acquire, hold, operate, maintain and repair the Canadian portion of the Blue Water Bridge which links Point Edward, Ontario and Port Huron, Michigan.	Bridge Street Point Edward, Ontario N7V 4J5 (519) 336 - 2720	Blue Water Bridge Authority Act, 1964	Deloitte & Touche
Saint John Harbour Bridge Authority	To construct a bridge across the Harbour of Saint John, and to collect tolls and other charges for the operation and maintenance of the bridge.	29 King Street P.O. Box 3728 Station B West Saint John, N.B. E2M 5C1 (506) 635 - 1320	An Act to Establish a Harbour Bridge Authority in the City of Saint John, New Brunswick, 1962	Deloitte & Touche
HARBOUR COMMISSIONS:	To manage and control the harbour and the works and property therein under its jurisdiction. To develop the port and act as a catalyst in the utilization of port facilities and furthering trade nationally and internationally.			
Fraser River Harbour Commission		Suite 505 713 Columbia Street New Westminster, B.C. V3M 1B2 (604) 524 - 6655	Harbour Commission Act, 1964	Doane Raymond
Hamilton Harbour Commission		605 James Street N. Hamilton, Ontario L8L 1K1 (416) 525 - 4330	Harbour Commission Act, 1964	McGillivray Partners
Nanaimo Harbour Commission		104 Front Street P.O. Box 131 Nanaimo, B.C. V9R 5R9 (604) 753 - 4146	Harbour Commission Act, 1964	Bestwick and Partners

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor
North Fraser Harbour Commission		2020 Airport Road Richmond, B.C. V7B 1C6 (604) 273 - 1866	Harbour Commission Act, 1964	Dunwoody, Ward, Mallette
Oshawa Harbour Commission		1050 Farwell Street P.O. Box 492 Oshawa, Ontario L1H 6N6 (416) 576 - 0400	Harbour Commission Act, 1964	Deloitte & Touche
Port Alberni Harbour Commission		2750 Harbour Road P.O. Box 99 Port Alberni, B.C. V9Y 7W6 (604) 723 - 5312	Harbour Commission Act, 1964	Newman Hill Duncan & Lacoursière
Thunder Bay Harbour Commission		P.O. Box 2266 Thunder Bay, Ontario P7B 5E8 (807) 345 - 6400	Harbour Commission Act, 1964	Peat Marwick Thorne
Toronto Harbour Commission		60 Harbour Street Toronto, Ontario M5J 1B7 (416) 863 - 2020	Toronto Harbour Commissioners Act, 1911	N/A
Windsor Harbour Commission		500 Riverside Drive W. Windsor, Ontario N9A 5K6 (519) 258 - 5741	Harbour Commission Act, 1964	Coopers & Lybrand

N/A = not available at time of printing

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor	Federal Owner-ship
Responsible Minister:	**Deputy Prime Minister and Minister of the Environment**				
International Porcupine Caribou Board	To provide advice and recommendations that will improve cooperation and coordination between Canada and the USA in managing the Porcupine Caribou Herd.	c/o CWS Box 340 Delta, B.C. V4K 3Y3 (604) 666 - 0143	Agreement signed by the USA and Canada on the Conservation of the Porcupine Caribou Herd, 1987	N/A	N/A
Responsible Minister:	**Minister of Finance and Minister responsible for the Federal Office of Regional Development - Quebec**				
European Bank for Reconstruction and Development	To develop a vibrant private sector and to help foster the transition from centrally planned economies to market economies in the new Europe.	122 Leadenhall St. London, England EC3V 4QL 071 - 338 - 6000	European Bank for Reconstruction and Development Agreement Act, 1991	N/A	3.4%
International Bank for Reconstruction and Development	To assist in the reconstruction and development of territories of member countries.	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 623 - 1000	Bretton Woods Agreements and Related Act, 1945	Price Waterhouse	3.0%
International Development Association	To promote economic development, increase productivity and thus raise standards of living in the less-developed areas of the world.	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Articles of Agreement; 1960, International Development Association Act, 1960	Price Waterhouse	3.14%
International Finance Corporation	To further economic development by encouraging the growth of productive enterprise in member countries, supplementing the activities of the International Bank for Reconstruction and Development.	1818 H Street, N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Articles of Agreement; Vote 731, Appropriation Act No.6, 1956	Price Waterhouse	3.5%
International Monetary Fund	Established to promote economic welfare by encouraging the expansion of trade, the maintenance of orderly exchange arrangements, and the reduction of balance of payments.	700 19th St., N.W. Washington, D.C. U.S.A. 20431 (202) 623 - 7000	Agreement signed by member Countries, 1945	External Audit Committee	2.99%

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor	Federal Owner- ship
Multilateral Investment Guarantee Agency	To encourage the flow of investments for productive purposes among member countries, thus supplementing the activities of International Bank for Reconstruction and Development, the International Finance Corporation and other international development finance institutions.	1818 H Street N.W. Washington, D.C. U.S.A. 20433 (202) 477 - 1234	Bretton Woods and Related Agreements Act, 1988	Price Waterhouse	3.01%
Responsible Minister:	**Minister of Foreign Affairs**				
African Development Bank	To contribute to the economic development and social advancement of the member countries, individually and collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	01, Box 1387 Abidjan 01 Ivory Coast Africa 011-225-20-44-44	Agreement signed by member countries, 1963 and the *International Development (Financial Institutions) Continuing Assistance Act.*	Akintola Williams & Hassan Inc. and Deloitte & Touche	3.3%
African Development Fund	To assist the African Development Bank in the economic and social development of the Bank's members. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	01, P.O. Box 1387 Abidjan Ivory Coast Africa 011-225-20-44-44	Agreement signed by member countries, 1972, P.C. 1972-2595 and the *International Development (Financial Institutions) Continuing Assistance Act.*	Akintola Williams & Hassan Inc. and Deloitte & Touche	5.0%
Asian Development Bank	To lend funds, promote investment and provide technical assistance to developing countries, and generally to foster economic growth in the Asian Region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	P.O. Box 789 1099 Manila, Philippines 011-632 - 711 - 3851	Agreement signed by member countries, 1965 and the *International Development (Financial Institutions) Continuing Assistance Act.*	Deloitte & Touche	5.0%
Caribbean Development Bank	To contribute to the harmonious economic growth and development of the member countries, and integration among them, having special and urgent regard to the needs of the less developed members of the region. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	P.O. Box 408 Wilday, St. Michael Bridgetown Barbados 1-8-809 - 429 - 3550	Agreement signed by member countries, 1969 and the *International Development (Financial Institutions) Continuing Assistance Act.*	Price Waterhouse	10.3%

Corporation	Mandate/ Government Objective	Head Office Information	Statutory Authority and Year Incorporated	Auditor	Federal Owner-ship
Inter-American Development Bank	To contribute to the acceleration of the process of economic development of the member countries, individually or collectively. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	1300 New York Ave. Washington, D.C. U.S.A. 20577 (202) 623 - 1000	Agreement signed by member countries, 1959 and the *International Development (Financial Institutions) Continuing Assistance Act.*	Price Waterhouse	34.61%
International Boundary Commission	To maintain the demarcation and cartographic representation of the land and water boundary between Canada and the United States, and to regulate all construction within three metres of the boundary line.	615 Booth Street Room 130 Ottawa, Ontario K1A 0E9 (613) 995 - 4951	Treaty of Washington, 1908, International Boundary Commission Act, 1960	Arthur Anderson & Company	N/A
International Fund for Agricultural Development	To increase food production, reduce malnutrition and rural poverty in the Third World. To contribute to the achievement of Canada's development assistance, foreign policy and trade objectives.	107 via del Serafico 00142 Rome Italy 011-39-6 - 440 - 2991	International Agreement, 1977 International Fund for Agricultural Development, 1977	Price Waterhouse	1.8%
Responsible Minister:	**Minister of National Defence and Veterans Affairs**				
Commonwealth War Graves Commission	To mark and maintain graves and memorials and keep records of the members of the Forces of the Commonwealth who died in the two World Wars.	2 Marlow Road Maidenhead, Berkshire U.K. SL6 7DX (0628) 34221	Royal Charter, 1917	Coopers Lybrand & Deloitte	N/A

N/A = not available at time of printing

PART IV

TABLINGS IN PARLIAMENT FOR PARENT CROWN CORPORATIONS: ANNUAL REPORTS AND SUMMARIES OF CORPORATE PLANS AND BUDGETS

During the year ended July 31, 1993

Part IV

Tablings in Parliament For Parent Crown Corporations: Annual Reports and Summaries of Corporate Plans and Budgets

During the year ended July 31, 1993

Table of Contents

Introduction

Part IV of this report shows the tablings in Parliament of Crown corporation documents by appropriate Ministers for the twelve-month period ending July 31, 1993 as required pursuant to Section 152(1) of the *Financial Administration Act* (FAA). For each Crown corporation the deadlines for tabling and the dates of actual tabling of the corporation's Corporate Plan Summary, its Capital (and, if applicable, Operating) Budget Summary, and its Annual Report are presented.

Objectives of this Report

The provision of adequate and timely information to Parliament is a major objective of the control and accountability regime for Crown corporations. To meet that objective, Ministers responsible for Crown corporations table a Corporate Plan Summary, a Capital Budget Summary and an Annual Report in Parliament for each Crown corporation listed under Part I and Part II of Schedule III of the FAA. In addition, an Operating Budget Summary is tabled for Crown corporations listed in Part I of Schedule III.

The Corporate Plan and Budget Summaries inform Parliamentarians of the major strategic and financial elements of each Crown corporation. The summaries are based on the approved Corporate Plan and Budgets and cover the businesses, activities and investments of a corporation and of its wholly-owned subsidiaries with respect to its future operations. The corporation's annual report informs Parliament of a corporation's performance relative to the objectives, strategies and activities approved by the government and tabled in the previous Corporate Plan and Budget Summaries. Information on annual reports and corporate plan and budget summaries may be obtained by contacting the individual corporations. The "Corporate Abstracts" presented in Part II of this report provide Crown corporation addresses and telephone numbers.

The Deadlines for the Tablings in Parliament

The deadlines for the tabling, before each House of Parliament, for the Corporate Plan Summary, Budget Summary and Annual Report are:

- *Corporate Plan Summary*: 30 sitting days after approval by the Governor in Council of the Corporate Plan. Summaries of amended Corporate Plans have the same deadline.
- *Budget Summary* (Capital and Operating Budget): 30 sitting days after Treasury Board approval of the Budget.
- *Annual Report*: corporations are to submit, to the appropriate Minister, their annual report within three months of their financial year-end. The appropriate Minister has 15 sitting days to table the Annual Report in each House of Parliament.

The deadlines for tabling indicated in this report for the *Corporate Plan Summary* are calculated from the date of the Order-in-Council approving the Corporate Plan and those for the *Budget Summary* from the date of the Treasury Board decision letter approving the Budget. When the Operating and/or Capital Budgets are incorporated into the Corporate Plan, the Budget Summaries deadlines are the same as those for the Corporate Plan Summary. For the *Annual Report* the deadlines are calculated from the earlier of the acknowledgement date of receipt by the appropriate Minister, when available, or three months following the fiscal year-end of the corporation.

Tables

The record of tablings of annual reports and summaries for the the twelve-month period ending July 31, 1993, in the following tables, provides information concerning: a) those documents due to be tabled during the current reporting period, and b) those documents due to be tabled in a previous reporting period and actually tabled during the current one. Section 152(2) of the FAA requires the Auditor General of Canada to attest to the accuracy of this information in the Auditor General's annual report to the House of Commons.

TABLINGS IN PARLIAMENT FOR PARENT CROWN CORPORATIONS: ANNUAL REPORTS AND SUMMARIES OF CORPORATE PLANS AND BUDGETS

During the year ended July 31, 1993

CROWN CORPORATION	Deadline for Tabling		Date Tabled	
Documents to be Tabled	House of Commons	Senate	House of Commons	Senate
a) DUE DURING THE TWELVE MONTHS ENDING JULY 31, 1993.				
ATLANTIC PILOTAGE AUTHORITY				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1992 Annual Report	93.04.29	93.05.27	93.04.28	93.04.29
ATOMIC ENERGY OF CANADA LIMITED				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
CANADA DEPOSIT INSURANCE CORPORATION				
1993-97 Corporate Plan Summary	93.03.18	93.05.03	93.04.29	93.05.03
1992 Corporate Plan Summary — Amendment	93.03.18	93.05.03		
1993 Capital Budget Summary	93.03.18	93.05.03	93.04.29	93.05.03
1993 Operating Budget Summary	93.03.18	93.05.03	93.04.29	93.05.03
1992 Annual Report	93.05.05	93.06.02		
CANADA DEVELOPMENT INVESTMENT CORPORATION				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.02.24	93.02.25
1993-97 Corporate Plan Summary — Amendment	93.06.03	3rd Qtr	93.05.03	93.05.04
1993 Capital Budget Summary	93.03.19	93.05.04	93.02.24	93.02.25
1993 Capital Budget Summary — Amendment	93.06.03	3rd Qtr	93.05.03	93.05.04
1992 Annual Report	93.05.05	93.06.02		
CANADA HARBOUR PLACE CORPORATION(1)				
1993/94-1997/98 Corporate Plan Summary				
1993/94 Capital Budget Summary				
1993/94 Operating Budget Summary				
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
CANADA LANDS COMPANY LIMITED				
1993/94-1997/98 Corporate Plan Summary	93.05.27	93.06.22	93.05.25	93.05.27
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.05.25	93.05.27
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.05.25	93.05.27
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADA MORTGAGE AND HOUSING CORPORATION				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.15	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.15	93.03.23
1993 Capital Budget Summary — Amendment	3rd Qtr	3rd Qtr		
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.15	93.03.23
1992 Annual Report	93.05.05	92.06.02	93.05.03	93.05.04
CANADA MUSEUMS CONSTRUCTION CORPORATION INC.(1)				
1993/94-1997/98 Corporate Plan Summary				
1993/94 Capital Budget Summary				
1993/94 Operating Budget Summary				
1992/93 Annual Report				
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
CANADA PORTS CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
CANADA POST CORPORATION				
1993/94-1997/98 Corporate Plan Summary	93.06.03	3rd Qtr	93.06.01	93.06.02
1993/94-1997/98 Corporate Plan Summary — Amendment	3rd Qtr	3rd Qtr		
1993/94 Capital Budget Summary	93.06.03	3rd Qtr	93.06.01	93.06.02
1993/94 Capital Budget Summary — Amendment	3rd Qtr	3rd Qtr		
1992/93 Annual Report	3rd Qtr	3rd Qtr	93.06.01	93.06.02
1991/92 Annual Report	92.11.19	92.10.13	92.06.19	92.06.22
CANADIAN COMMERCIAL CORPORATION				
1993/94-1997/98 Corporate Plan Summary	93.05.27	93.06.22	93.04.29	93.05.03
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.04.29	93.05.03
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.04.29	93.05.03
1992/93 Annual Report	3rd Qtr	3rd Qtr	93.06.16	93.06.17
1991/92 Annual Report	92.09.29	92.09.22	92.06.23	92.09.09
CANADIAN DAIRY COMMISSION				
1992/93-1996/97 Corporate Plan Summary	93.02.01	93.01.28	92.11.24	92.12.01
1992/93 Capital Budget Summary	93.02.01	93.01.28	92.11.24	92.12.01
1992/93 Operating Budget Summary	93.02.01	93.01.28	92.11.24	92.12.01
1991/92 Annual Report	92.12.04	93.01.28	92.11.16	92.12.01
CANADIAN MUSEUM OF CIVILIZATION				
1993/94-1996/97 Corporate Plan Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.14	92.09.15

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
CANADIAN MUSEUM OF NATURE				
1993/94-1996/97 Corporate Plan Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1992/93-1996/97 Corporate Plan Summary — Amendment	93.02.01	93.01.28	92.11.16	92.12.01
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1992/93 Capital Budget Summary — Amendment	93.02.01	93.01.28	92.11.16	92.12.01
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1992/93 Operating Budget Summary — Amendment	93.02.01	93.01.28	92.11.16	92.12.01
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
CANADIAN NATIONAL RAILWAY COMPANY				
1993-97 Corporate Plan Summary	93.05.04	93.06.21	93.04.22	93.04.27
1993 Capital Budget Summary	93.05.04	93.06.21	93.04.22	93.04.27
1992 Annual Report	93.05.04	93.06.01	93.04.22	93.04.27
CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.[3]				
1992 Annual Report	92.12.02	92.12.10	93.02.17	93.02.23
CANADIAN PATENTS AND DEVELOPMENT LIMITED[1]				
1992/93-1996/97 Corporate Plan Summary	93.02.01	93.01.28		
1992/93 Capital Budget Summary	93.02.01	93.01.28		
1992/93 Operating Budget Summary	93.02.01	93.01.28		
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	93.06.10	93.06.14
CANADIAN SALTFISH CORPORATION				
1993/94-1997/98 Corporate Plan Summary	3rd Qtr	3rd Qtr		
1992/93-1996/97 Corporate Plan Summary	92.12.11	93.01.27	92.11.24	92.12.01
1993/94 Capital Budget Summary	3rd Qtr	3rd Qtr		
1992/93 Capital Budget Summary	92.12.11	93.01.27	92.11.24	92.12.01
1993/94 Operating Budget Summary	3rd Qtr	3rd Qtr		
1992/93 Operating Budget Summary	92.12.11	93.01.27	92.11.24	92.12.01
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.12.09	92.12.10
CAPE BRETON DEVELOPMENT CORPORATION				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr		
1993/94 Capital Budget Summary	93.06.04	3rd Qtr		
1993/94 Operating Budget Summary	93.06.04	3rd Qtr		
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.12.04	93.01.28	92.11.16	92.12.01
DEFENCE CONSTRUCTION (1951) LIMITED				
1993/94-1997/98 Corporate Plan Summary	93.05.27	93.06.22	93.04.01	93.04.02
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.04.01	93.04.02
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.04.01	93.04.02
1992/93 Annual Report	3rd Qtr	3rd Qtr	93.06.08	93.06.09
1991/92 Annual Report	92.11.23	92.10.15	92.06.22	92.06.23

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
ENTERPRISE CAPE BRETON CORPORATION				
1993/94 Corporate Plan Summary	93.05.27	93.06.22		
1992/93 Corporate Plan Summary	93.03.18	93.05.03	93.05.05	93.05.06
1993/94 Capital Budget Summary	93.05.27	93.06.22		
1992/93 Capital Budget Summary	93.03.18	93.05.03	93.05.05	93.05.06
1993/94 Operating Budget Summary	93.05.27	93.06.22		
1992/93 Operating Budget Summary	93.03.18	93.05.03	93.05.05	93.05.06
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.12.07	92.12.08
EXPORT DEVELOPMENT CORPORATION				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.08	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.08	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.08	93.03.23
1992 Annual Report	93.05.05	93.06.02	93.03.22	93.03.23
FARM CREDIT CORPORATION				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr	93.04.27	93.04.28
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.04.27	93.04.28
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.04.27	93.04.28
1992/93 Annual Report	3rd Qtr	3rd Qtr	93.06.16	93.06.17
1991/92 Annual Report	92.11.17	92.09.29	92.06.18	92.06.19
FEDERAL BUSINESS DEVELOPMENT BANK				
1993/94-1997/98 Corporate Plan Summary	93.05.27	93.06.22	93.05.03	93.05.04
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.05.03	93.05.04
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.05.03	93.05.04
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.16	92.09.24	92.06.19	92.06.22
FRESHWATER FISH MARKETING CORPORATION				
1993/94-1997/98 Corporate Plan Summary	3rd Qtr	3rd Qtr		
1992/93-1996/97 Corporate Plan Summary	92.09.29	92.09.29	92.06.23	92.09.09
1993/94 Capital Budget Summary	3rd Qtr	3rd Qtr		
1992/93 Capital Budget Summary	92.09.29	92.09.29	92.06.23	92.09.09
1993/94 Operating Budget Summary	3rd Qtr	3rd Qtr		
1992/93 Operating Budget Summary	92.09.29	92.09.29	92.06.23	92.09.09
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.11.16	92.12.01
GREAT LAKES PILOTAGE AUTHORITY, LTD.				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1992 Annual Report	93.04.30	93.05.27	93.04.28	93.04.29
HALIFAX PORT CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report[(2)]	93.05.31	93.06.14	93.05.25	93.05.27

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT[5]				
1992/93-1996/97 Corporate Plan Summary				
1992/93 Capital Budget Summary				
1992/93 Annual Report				
1991/92 Annual Report	92.11.23	92.10.15	93.03.24	93.03.25
LAURENTIAN PILOTAGE AUTHORITY				
1993-97 Corporate Plan Summary[6]				
1992-96 Corporate Plan Summary[6]				
1993 Capital Budget Summary	93.03.18	93.05.03	93.03.18	93.03.23
1992 Capital Budget Summary	93.03.18	93.05.03	93.03.18	93.03.23
1993 Operating Budget Summary	93.03.18	93.05.03	93.03.18	93.03.23
1992 Annual Report	93.05.05	93.06.02	93.05.06	93.05.25
MARINE ATLANTIC INC.				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1992 Annual Report	93.05.04	93.06.01	93.04.29	93.05.03
MONTRÉAL PORT CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report[2]	93.05.31	93.06.14	93.05.25	93.05.27
NATIONAL CAPITAL COMMISSION				
1993/94-1997/98 Corporate Plan Summary	93.05.27	93.06.22	93.05.12	93.05.25
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.05.12	93.05.25
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.05.12	93.05.25
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
NATIONAL GALLERY OF CANADA				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.06.07	93.06.08
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.06.03	93.06.08
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
OLD PORT OF MONTREAL CORPORATION INC.[7]				
1993/94-1994/95 Corporate Plan Summary	93.05.27	93.06.22	93.05.25	93.05.27
1993/94 Capital Budget Summary	93.05.27	93.06.22	93.05.25	93.05.27
1993/94 Operating Budget Summary	93.05.27	93.06.22	93.05.25	93.05.27
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
PACIFIC PILOTAGE AUTHORITY				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.18	93.03.23
1992 Annual Report	93.04.30	93.05.27	93.04.28	93.04.29
PETRO-CANADA LIMITED				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.08	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.08	93.03.23
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.08	93.03.23
1992 Annual Report	93.05.05	93.06.02	93.05.10	93.05.25
PORT OF QUÉBEC CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
PRINCE RUPERT PORT CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
QUEENS QUAY WEST LAND CORPORATION(4)				
1993/94 Corporate Plan Summary				
1993/94 Capital Budget Summary	93.05.27	93.06.23		
1993/94 Operating Budget Summary	93.05.27	93.06.23		
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
ROYAL CANADIAN MINT				
1993-97 Corporate Plan Summary	93.03.18	93.05.03	93.04.01	93.04.02
1993 Capital Budget Summary	93.03.18	93.05.03	93.04.01	93.04.02
1992 Annual Report	93.05.05	93.06.02	93.04.19	93.04.27
1991 Annual Report	92.05.05	92.05.22	92.06.23	92.09.09
SAINT JOHN PORT CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
ST. JOHN'S PORT CORPORATION				
1993-97 Corporate Plan Summary	93.04.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.04.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
ST. LAWRENCE SEAWAY AUTHORITY, THE				
1993/94-1997/98 Corporate Plan Summary	93.06.04	3rd Qtr	93.05.25	93.05.27
1993/94 Capital Budget Summary	93.06.04	3rd Qtr	93.05.25	93.05.27
1993/94 Operating Budget Summary	93.06.04	3rd Qtr	93.05.25	93.05.27
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.11.16	92.12.01

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
STANDARDS COUNCIL OF CANADA				
1993/94-1997/98 Corporate Plan Summary	93.06.03	3rd Qtr	93.05.27	93.05.31
1993/94 Capital Budget Summary	93.06.03	3rd Qtr	93.05.27	93.05.31
1993/94 Operating Budget Summary	93.06.03	3rd Qtr	93.05.27	93.05.31
1992/93 Annual Report	3rd Qtr	3rd Qtr		
1991/92 Annual Report	92.11.23	92.10.15	92.09.08	92.09.09
TELEGLOBE CANADA(8)				
1993 Corporate Plan Summary	93.03.18	93.05.03	93.03.15	93.03.23
1993 Capital Budget Summary	93.03.18	93.05.03	93.03.15	93.03.23
1992 Annual Report	93.05.05	93.06.02	93.04.19	93.04.27
VANCOUVER PORT CORPORATION				
1993-97 Corporate Plan Summary	93.05.19	93.06.08	93.04.01	93.04.02
1993 Capital Budget Summary	93.05.19	93.06.08	93.04.01	93.04.02
1992 Annual Report(2)	93.05.31	93.06.14	93.05.25	93.05.27
VIA RAIL CANADA INC.				
1993-97 Corporate Plan Summary	93.03.19	93.05.04	93.03.17	93.03.23
1993 Capital Budget Summary	93.03.19	93.05.04	93.03.17	93.03.23
1992 Capital Budget Summary — Amendment	93.02.01	93.01.28		
1993 Operating Budget Summary	93.03.19	93.05.04	93.03.17	93.03.23
1992 Annual Report	93.05.03	93.05.31	93.04.27	93.04.28

CROWN CORPORATION Documents to be Tabled	Deadline for Tabling		Date Tabled	
	House of Commons	Senate	House of Commons	Senate
b) OUTSTANDING AT JULY 31, 1992 AND TABLED DURING THE YEAR ENDED JULY 31, 1993.				
1) ATOMIC ENERGY OF CANADA LIMITED				
1992/93-1996/97 Corporate Plan Summary	92.05.14	92.06.16	92.09.14	92.09.15
1992/93 Capital Budget Summary	92.05.14	92.06.16	92.09.14	92.09.15
1992/93 Operating Budget Summary	92.05.14	92.06.16	92.09.14	92.09.15
2) CANADA HARBOUR PLACE CORPORATION				
1992/93 Capital Budget Summary	92.06.12	92.09.14	93.03.25	93.03.29
1992/93 Operating Budget Summary	92.06.12	92.09.14	93.03.25	93.03.29
3) CAPE BRETON DEVELOPMENT CORPORATION				
1992/93-1996/97 Corporate Plan Summary	92.06.12	92.09.14	92.11.16	92.12.01
1992/93 Capital Budget Summary	92.06.12	92.09.14	92.11.16	92.12.01
1992/93 Operating Budget Summary	92.06.12	92.09.14	92.11.16	92.12.01
4) LAURENTIAN PILOTAGE AUTHORITY				
1992 Operating Budget Summary	92.03.18	92.05.19	93.03.18	93.03.23
5) MONTRÉAL PORT CORPORATION				
1991 Capital Budget Summary — Amendment	91.11.01	92.02.19	92.09.17	92.09.22
6) OLD PORT OF MONTREAL CORPORATION INC.				
1992/93-1993/94 Corporate Plan Summary	92.06.12	92.09.14	92.09.08	92.09.09
1992/93 Capital Budget Summary	92.06.12	92.09.14	92.09.08	92.09.09
1992/93 Operating Budget Summary	92.06.12	92.09.14	92.09.08	92.09.09
7) TELEGLOBE CANADA				
1991 Annual Report	92.05.05	92.05.22	92.09.09	92.09.10
8) VANCOUVER PORT CORPORATION				
1991 Capital Budget Summary — Amendment	91.12.05	92.03.19	92.09.17	92.09.22

EXPLANATORY NOTES

(1) Pursuant to *An Act to Provide for the Dissolution or Transfer of Certain Crown Corporations and to Amend Certain Acts in consequence thereof*, which received Royal Assent on November 26, 1991:

— The Canada Harbour Place Corporation ceased being a parent Crown corporation (P.C. 1993-528, 17/03/93) and became a wholly-owned subsidiary of the Vancouver Port Corporation (P.C. 1993-529, 17/03/93) on March 23, 1993;

— The Canada Museums Construction Corporation Inc. became a wholly-owned subsidiary of Canada Lands Company Limited (P.C. 1992-1364, 18/06/92) and was deleted from Schedule III-I of the *Financial Administration Act* (FAA) on February 4, 1993 (P.C. 1993-219, 04/02/93);

— The Canadian Patents and Development Limited was dissolved under the *Canada Business Corporations Act* on March 22, 1993 and deleted from Schedule III-I of the FAA on August 1, 1993 (P.C. 1993-1571, 21/07/93).

(2) The *Canada Ports Corporation Act* specifies that the annual report shall include the annual reports of the Local Port Corporations and that it be submitted to the appropriate minister no later than "*four months*" after the financial year-end. These reports are tabled as one document.

(3) Pursuant to the *Crown Corporations Dissolution and Authorization Act*, the corporation was dissolved under the *Canada Business Corporations Act* on June 17, 1992 and deleted from Schedule III-I of the FAA on November 1, 1992 (P.C. 1992-2258, 29/10/92). The annual report covers the period of January 1, 1992 to June 17, 1992.

(4) Formerly known as Harbourfront Corporation. Pursuant to Order-in-Council P.C. 1993-1354, 16/06/93 the corporation's name was changed to *Queens Quay West Land Corporation*. The 1993-94 Corporate Plan was not approved. The corporation and its appropriate Minister are to submit funding options.

(5) Pursuant to *An Act to Dissolve or Terminate Certain Corporations and Other Bodies*, which received Royal Assent on February 4, 1993, the International Centre for Ocean Development corporation was dissolved on March 26, 1993 (P.C. 1993-539, 23/03/93).

(6) Corporate plans for 1992-96 and 1993-97 were not approved. A report on the corporation's activities is to be submitted to the Minister of Transport.

(7) The corporation is a subsidiary of the Canada Lands Company Limited and reports as a parent Crown corporation in accordance with section 86(2) of Part X of the FAA.

(8) Pursuant to the *Teleglobe Canada Reorganization and Divestiture Act* the corporation's name was changed to TH(1987) on July 28, 1993 (P.C. 1993-1384, 17/06/93) and TH(1987) was deleted from Schedule III-II of the FAA on July 29, 1993 (P.C 1993-1385, 17/06/93).

* "Qtr" denotes the quarter in the calendar year of the anticipated deadline for tabling of documents that are due to be tabled.

ANNEX

AUDITED FINANCIAL STATEMENTS
FOR EACH PARENT CROWN CORPORATION

Annex
Audited Financial Statements for Each Parent Crown Corporation

Table of Contents

Page

Introduction

The Annex contains the audited financial statements for each parent Crown corporation. Also included, where appropriate, are the financial statements of wholly-owned subsidiaries not consolidated with the statements of the parent corporation.

Much of the information in Parts I and II of this Report to Parliament is extracted from these audited statements. For more information, the reader may contact the corporations directly.

Each Crown corporation annual report contains a set of audited financial statements, the auditors' opinion, management's discussion and responsibility statement, the Chairperson or President's message, and other corporate highlights on business volumes and financial indicators, often by product or geographic segment. A summary of the tabling dates for each Crown corporation annual report is shown in Part III of this Report. Background information including head office addresses and telephone numbers are provided in the individual corporate abstracts in Part II of this report.

ATLANTIC PILOTAGE AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Authority's management in accordance with generally accepted accounting principles consistently applied, using management's best estimates and judgements, where appropriate. Management is responsible for the integrity and objectivity of the information in the financial statements and annual report.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded and controlled, transactions comply with relevant authorities and accounting systems provide timely, accurate financial reports.

The Authority's management recognizes the responsibility of conducting its affairs in compliance with the *Pilotage Act* and regulations, the *Financial Administration Act* and regulations, and the by-laws of the Authority.

The Authority is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Authority exercises its responsibilities through the Audit Committee of the Authority, which is composed of members who are not employees of the Authority. The Committee meets with management and the auditors to satisfy itself that responsibilities are properly discharged and to review the financial statements. The financial statements and annual report have been reviewed and approved by the Authority on the recommendation of the Audit Committee.

The Auditor General of Canada conducts an independent audit of the transactions and financial statements of the Authority in accordance with generally accepted auditing standards, and expresses his opinion on the financial statements. He has full and free access to the Audit Committee of the Authority, and his report follows.

C. R. Worthington
Chairman and Chief Executive Officer

M. R. McGrath
Treasurer

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Atlantic Pilotage Authority as at December 31, 1992 and the statements of operations, contributed capital, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act,* I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, and the by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 12, 1993

ATLANTIC PILOTAGE AUTHORITY—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Accounts receivable—trade	748,212	801,584
Due from Canada (Note 3)	504,000	
Prepaid expenses	38,399	86,084
	1,290,611	887,668
Capital, at cost (Note 4)	2,366,407	2,352,469
Less: accumulated amortization	1,291,703	1,170,799
	1,074,704	1,181,670
	2,365,315	2,069,338

LIABILITIES	1992	1991
	$	$
Current		
Bank indebtedness	283,199	554,073
Accounts payable and accrued liabilities	679,309	450,968
Current portion of accrued employee termination benefits		99,956
	962,508	1,104,997
Long-term		
Accrued employee termination benefits	661,164	573,249
Deferred rent (Note 5)	18,932	
	680,096	573,249
	1,642,604	1,678,246
Commitments (Note 8)		
CONTRIBUTED CAPITAL AND DEFICIT		
Contributed capital	2,238,642	2,073,580
Deficit	(1,515,931)	(1,682,488)
	722,711	391,092
	2,365,315	2,069,338

Approved by the Authority:

C. R. WORTHINGTON
Chairman

MARTIN KARLSEN
Member

M. R. McGRATH
Treasurer

ATLANTIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Income		
Pilotage charges	6,463,086	7,448,608
Other income	31,398	41,305
	6,494,484	7,489,913
Expenses		
Pilots' fees, salaries and benefits	3,822,351	3,967,149
Pilot boats, operating costs	2,267,293	2,369,380
Staff salaries and benefits	499,875	491,139
Transportation and travel	341,683	359,998
Professional and special services	258,891	341,045
Utilities, materials and supplies	156,608	157,945
Amortization	140,178	136,299
Rentals	113,069	121,247
Communications	73,535	63,506
	7,673,483	8,007,708
Net loss from operations	1,178,999	517,795
Legal settlements (Note 9)	287,382	
Net loss for the year	1,466,381	517,795

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Balance, beginning of the year	2,073,580	2,073,580
Parliamentary appropriations to finance 1992 and prior years' additions to capital assets and principal payments on capital leases (Note 3)	165,062	
Balance, end of the year	2,238,642	2,073,580

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Balance, beginning of the year	1,682,488	1,164,693
Net loss for the year	1,466,381	517,795
	3,148,869	1,682,488
Parliamentary appropriations to finance 1992 and 1991 cash operating losses (Note 3)	1,632,938	
Balance, end of the year	1,515,931	1,682,488

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Financing activities		
Parliamentary appropriations to finance		
Cash operating loss	1,159,626	200,000
Additions to capital assets	84,290	
Principal payments on capital lease	50,084	
Principal portion of capital lease payments		(50,084)
Cash provided by financing activities	1,294,000	149,916
Operating activities		
Cash provided by (used for) operations		
Net loss for the year	(1,466,381)	(517,795)
Items not requiring cash		
Amortization	140,178	136,299
Increase in accrued employee termination benefits	93,412	99,342
Deferred rent	18,932	
	(1,213,859)	(282,154)
Cash provided by non-cash working capital	329,398	23,906
Employee termination benefit payments	(105,453)	(31,472)
Cash used for operating activities	(989,914)	(289,720)
Investing activities		
Net additions to capital assets	(33,212)	(29,897)
Cash used for investing activities	(33,212)	(29,897)
Increase (decrease) in cash during the year	270,874	(169,701)
Bank indebtedness, beginning of the year	(554,073)	(384,372)
Bank indebtedness, end of the year	(283,199)	(554,073)

ATLANTIC PILOTAGE AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Objectives and activities

The Atlantic Pilotage Authority (the "Authority") was established in 1972 pursuant to the *Pilotage Act.* The objects of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that pilotage tariffs shall be fair, reasonable and sufficient, together with any revenue from other sources, to permit the Authority to operate on a self-sustaining financial basis.

The Authority is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act.*

2. Significant accounting policies

(a) Parliamentary appropriations

When revenues are not sufficient to permit the Authority to operate on a self-sustaining financial basis, the Authority requests parliamentary appropriations to cover cash operating losses. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of deficit.

Parliamentary appropriations are also requested when the cash operating profits are not sufficient to provide for the purchase of capital assets and the principal portion of payments under capital lease agreements. These appropriations are recorded in the accounts when approved by Parliament and are reflected in the statement of contributed capital.

(b) Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful life of the assets as follows:

Pilot boats	10 to 25 years
Furniture and equipment	5 to 10 years

(c) Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act.*

(d) Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded as they accrue to the employees.

3. Parliamentary appropriations

(a) *Appropriation Act Number 4, 1991-92,* provided $448,000 to be applied in payment of the excess of expenditures over revenues as a result of 1991 operations. This amount was received by the Authority on April 3, 1992 and is recorded in the accounts in accordance with the Authority's accounting policies.

(b) On August 24, 1992, the Treasury Board of Canada approved an allotment in the amount of $1,000,000 from the 1992-93 Treasury Board Vote 5, "Government Contingencies", for additional operating costs of the Authority. On September 4, 1992, the Authority received $846,000 in respect of this appropriation. The balance of the amount is recorded in the accounts in accordance with the Authority's accounting policies.

(c) On December 10, 1992, the Treasury Board of Canada approved an allotment of $350,000 from the 1992-93 Treasury Board Vote 5, "Government Contingencies", to cover costs related to a lawsuit. This amount has not been received by the Authority to date and is recorded in the accounts in accordance with the Authority's accounting policies.

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	450		450	450
Pilot boats	2,116,697	1,104,264	1,012,433	1,122,044
Furniture and equipment	249,260	187,439	61,821	59,176
	2,366,407	1,291,703	1,074,704	1,181,670

5. Deferred rent

During 1992, the Authority was given a period of free rent, exclusive of operating costs and property taxes, as an incentive to sign a five year lease agreement for office space. The incentive is being amortized over the life of the lease.

6. Pension plan

Under the *Public Service Superannuation Act,* employees of the Authority are entitled to count service prior to becoming an employee of the Authority as pensionable. For employees who elected to purchase pension benefits with respect to past service, the Authority is required to match the employee contribution. Total past service pension expense was $11,094 in 1992 ($10,629 in 1991). The estimated unfunded past service pension contribution with respect to these employees was approximately $169,000 at December 31, 1992 ($149,000 at December 31, 1991) and will be funded over the remaining years of service of the employees, or the terms of purchase, whichever is the lesser.

ATLANTIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

7. Related party transactions

The Authority receives services from government departments and these are provided without charge. These include pilot dispatching services by the Canadian Coast Guard, through its Vessel Traffic Service Centres in Nova Scotia, New Brunswick and Newfoundland. The cost of these services is not recorded in the accounts of the Authority.

8. Commitments

The Authority has entered into contracts for pilot boat services, office rentals, wharfage fees and wharf rentals requiring the following minimum annual payments:

	$
1993	799,018
1994	635,757
1995	437,443
1996	64,876
1997	12,626
	1,949,720

9. Legal settlements

Lawsuits were filed against the Authority claiming breach of contract in the awarding of a pilot boat contract and improper hiring practices. With regard to the former, a Federal Court Decision awarded judgement in favour of the plaintiff. The Authority has filed a notice of appeal. With regard to the latter, a settlement between the parties has been reached. Both the judgement and the settlement have been charged against income.

ATOMIC ENERGY OF CANADA LIMITED

MANAGEMENT RESPONSIBILITY

The consolidated financial statements, all other information presented in this Annual Report and the financial reporting process are the responsibility of the management and the Board of Directors of the corporation. Except for the non-recognition of future decommissioning costs, which is explained in the notes to the consolidated financial statements, these statements have been prepared in accordance with generally accepted accounting principles and include estimates based on the experience and judgement of management. In the case of decommissioning costs the corporation has chosen, in the interest of what it considers to be a fairer overall presentation, to continue its established policy of expensing such costs as decommissioning activities take place.

The corporation and its subsidiary maintain books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively. These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part X of the *Financial Administration Act* and its regulations, as well as the *Canada Business Corporations Act*, the articles, and the by-laws and policies of the corporation and its subsidiary. The corporation has met all reporting requirements established by the *Financial Administration Act*, including submission of a corporate plan, an operating budget, a capital budget and this Annual Report.

The corporation's internal auditor has the responsibility for assessing the management systems and practices of the corporation and its subsidiary. The Auditor General of Canada conducts an independent examination of the consolidated financial statements of the corporation and reports on his examination to the Minister of Energy, Mines and Resources.

The Board of Directors' Audit Committee, composed of directors who are not employees of the corporation or its subsidiary, reviews and advises the Board on the consolidated financial statements, the Auditor General's reports thereto and the plans and reports related to special examinations, and oversees the activities of internal audit. The Audit Committee meets with management, the internal auditor and the Auditor General on a regular basis.

Terrance E. Rummery
Acting President and Chief Executive Officer, AECL

David G. Cuthbertson
Chief Financial Officer, AECL

AUDITOR'S REPORT

TO THE MINISTER OF ENERGY, MINES AND RESOURCES

I have audited the consolidated balance sheet of Atomic Energy of Canada Limited as at March 31, 1993 and the consolidated statements of income, contributed capital, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many other organizations in the nuclear industry, the corporation will have to incur substantial decommissioning and site remediation costs for nuclear facilities taken out of service. It is management's responsibility to determine a best estimate of the total likely liability for these costs and to recognize them in their financial statements. As mentioned in Note 10 to the financial statements, management has not recorded any liability for these costs because historically decommissioning activities have been financed mainly through parliamentary appropriations. Also, the corporation intends to continue to record these costs as funding becomes available either from government or from commercial activities and cost-shared work. This practice is contrary to generally accepted accounting principles which require that the liability be recognized for decommissioning and site remediation costs in a rational and systematic manner over the useful lives of the corresponding facilities. Management has prepared a broad plan of activities related to decommissioning and site remediation costs and determined a range of \$200 to \$300 million as the likely costs related to a portion of the total activities in that plan. Management has not determined the likely costs of the most significant portion of the activities in the plan and I was not able to determine the magnitude of the adjustment that is necessary to the expenses, the liabilities and the deficit of the corporation.

In my opinion, except for the failure to record the total likely liability for decommissioning and site remediation costs described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of recording repayable parliamentary appropriations for heavy water as explained in Note 6 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation and of its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the corporation and its wholly-owned subsidiary.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 18, 1993

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash and short-term investments	98,647	50,527
Accounts receivable	136,504	132,482
Current portion of long-term receivables (Note 7)	436,685	40,453
Receivable from CDIC (Note 4)	20,323	20,323
Inventory of supplies	9,270	10,460
	701,429	254,245
Segregated cash and investments (Note 5)	3,230	3,000
Heavy water inventory (Note 6)	529,602	536,494
Long-term receivables (Note 7)	53,998	463,646
Property, plant and equipment (Note 8)	33,540	29,430
	1,321,799	1,286,815

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities	182,379	129,997
Current portion of long-term debt (Note 9)	432,560	33,132
	614,939	163,129
Deferred revenue	24,445	14,800
Accrued employee termination benefits	49,883	49,858
Long-term debt (Note 9)	26,809	459,384
	716,076	687,171
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—75,000 common shares		
Issued—54,000 common shares	15,000	15,000
Contributed capital (Note 6)	607,513	611,523
Deficit	(16,790)	(26,879)
	605,723	599,644
	1,321,799	1,286,815

Approved by the Board:

EDWARD G. BYRD
Director

TERRANCE E. RUMMERY
Director

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	1993	1992
Nuclear power operations		
Revenue		
Nuclear supply and services	286,774	209,494
Interest on long-term receivables	43,367	47,805
Interest on short-term investments	6,359	10,096
	336,500	267,395
Expenses		
Cost of supply and services	226,894	156,389
Product development	12,071	16,950
Marketing and administration	29,109	26,041
Interest on long-term debt	42,849	46,167
	310,923	245,547
Operating profit	25,577	21,848
Research and development operations		
Expenses	310,275	284,229
Less: commercial revenue	43,741	39,582
cost recovery from third parties	94,365	86,057
parliamentary appropriations (Note 3)	156,681	153,124
Net expense	15,488	5,466
Decommissioning activities (Note 10)		
Expenses	13,866	14,348
Less: parliamentary appropriations (Note 3)	10,854	11,920
recovery from asset sales	3,012	2,428
Net expense		
Net income before:	10,089	16,382
Gain on sale of former subsidiary		56,216
Provision for loss on investment		(70,625)
Net income	10,089	1,973

CONSOLIDATED STATEMENT OF CONTRIBUTED CAPITAL FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	1993	1992
Balance at beginning of the year as previously reported	179,914	80,993
Adjustment for repayable parliamentary appropriations (Note 6)	431,609	434,053
As restated	611,523	515,046
Reduction of repayable parliamentary appropriations	(6,102)	(2,444)
Capital contribution		97,000
Parliamentary appropriations for loan principal repayment (Note 3)	2,092	1,921
Balance at end of the year	607,513	611,523

CONSOLIDATED STATEMENT OF DEFICIT FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	1993	1992
Balance at beginning of the year	(26,879)	124,364
Net income	10,089	1,973
Dividends		(153,216)
Balance at end of the year	(16,790)	(26,879)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1993 (in thousands of dollars)

	1993	1992
Operating activities		
Net income	10,089	1,973
Adjustments for non-cash items		
Amortization	3,492	1,806
Write-off of property, plant and equipment	8,008	
Gain on sale of former subsidiary		(56,216)
Provision for loss on investment		70,625
	21,589	18,188
Decrease (increase) in operating working capital		
Accounts receivable	(4,022)	(16,629)
Inventory of supplies	1,190	(3,182)
Accounts payable and accrued liabilities	52,382	(5,794)
	49,550	(25,605)
Accrued employee termination benefits	25	3,746
Deferred revenue	9,645	(10,691)
	59,220	(32,550)
Cash from (used in) operations	80,809	(14,362)
Investing activities		
Acquisition of property, plant and equipment, net of proceeds on disposal	(26,244)	(26,771)
Reduction of heavy water inventory	6,892	2,444
Segregated cash and investments	(230)	(3,000)
Proceeds from sale of former subsidiary		150,500
Cash from (used in) investing	(19,582)	123,173
Financing activities		
Reduction of long-term debt	(33,147)	(36,900)
Reduction of long-term notes receivable	13,416	28,810
Reduction of repayable parliamentary appropriations	(6,102)	(2,444)
Parliamentary appropriations used for property, plant and equipment and certain loan principal repayment	12,726	10,929
Dividends		(153,216)
Cash used in financing	(13,107)	(152,821)
Increase (decrease) in cash and short-term investments	48,120	(44,010)
Cash and short-term investments at beginning of the year	50,527	94,537
Cash and short-term investments at end of the year	98,647	50,527

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993

1. Authority and Mandate

Incorporation

Pursuant to the Authority and powers of the Minister of Energy, Mines and Resources under the *Atomic Energy Control Act*, the corporation was incorporated in 1952 under the provisions of the *Canada Corporations Act* (and continued in 1977 under the provisions of the *Canada Business Corporations Act*).

The corporation is a Schedule III Part I Crown corporation under the *Financial Administration Act*. The corporation is exempt from income taxes.

Mandate

The corporation's mandate is to undertake research into atomic energy and prepare and develop its commercial applications.

During the year, a refocussed mission statement was approved by the Board of Directors which is set out below:

"We will secure the maximum economic benefit for Canada from the CANDU technology and associated R&D—the CANDU Business.

The CANDU Business rests on a foundation consisting of the following:

. Developing and marketing CANDU plants to secure a major share of the global market for nuclear plants, managing the associated build projects and performing the R&D to ensure long-term competitiveness.

. Developing and marketing services to CANDU plants and, where appropriate, developing non-CANDU business opportunities that enhance CANDU business prospects.

. Developing and applying underlying knowledge in energy, environment and health that enhances CANDU business prospects or supports Canada's nuclear policies and initiatives."

2. Significant Accounting Policies

Foreign Currency Translation

Transactions denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction, except those covered by forward exchange contracts, where the rate established by the terms of the contract is used. Monetary assets and liabilities outstanding at the balance sheet date are adjusted to reflect the exchange rate in effect at that date. Exchange gains and losses arising from the translation of foreign currencies are included in income.

Inventories

Heavy water is valued at the lower of average cost and realizable value. Supplies are valued at cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and this cost, net of parliamentary appropriations and third party contributions, if any, is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Machinery and equipment	3 to 20 years
Buildings	20 to 50 years

As further explained in Note 10, costs of decommissioning nuclear facilities are expensed as decommissioning activities take place.

Long-term Contracts

Revenue and costs on long-term contracts are accounted for by the percentage of completion method, applied on a conservative basis to recognize the absence of certainty on these contracts. Full provision is made for all estimated losses to completion of contracts in progress.

Parliamentary Appropriations

The Government of Canada, through parliamentary appropriations, funds certain operations of the corporation as outlined in Notes 3 and 6. Appropriations used to fund heavy water inventory and to discharge certain loan principal are recorded as contributed capital. All other appropriations are recorded in the consolidated statement of income as a reduction of applicable expenses or netted against the cost of related property, plant and equipment.

Pension Plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

Employee Termination Benefits

Employees are entitled to specific termination benefits as provided for under collective agreements and conditions of employment. The liability for these benefits is charged to income as benefits accrue to the employees. The accumulated liability is actuarially determined on a periodic basis.

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Continued*

3. Parliamentary Appropriations

Parliamentary appropriations were used during the year for the following purposes:

	1993	1992
	(in thousands of dollars)	
R & D operations		
Operating costs	156,681	153,124
Property, plant and equipment	10,634	9,008
Decommissioning activities	10,854	11,920
Heavy water plant loan principal	2,092	1,921
	180,261	175,973

4. Receivable from CDIC

On September 30, 1988 the corporation sold its shares in Nordion International Inc. (Nordion) and Theratronics International Limited (Theratronics) to Canada Development Investment Corporation (CDIC) for eventual privatization. Under the sale agreement, the corporation is to receive the proceeds from the sales less CDIC's expenses associated therewith. The sale of Nordion to a third party was completed in 1991. The CDIC receivable represents a $10.0 million holdback for general indemnity arising from this sale and the $10.3 million net book value of Theratronics at September 30, 1988.

5. Segregated Cash and Investments

Segregated cash and investments are recorded at cost and represent funds set aside for replacement of property, plant and equipment for research and development operations. Transfers to this asset replacement fund and its utilization are determined by the Board of Directors.

6. Heavy Water Inventory

The corporation's heavy water inventory was substantially government-funded. Under an arrangement with the government the corporation is required to return all but $97 million of such funding, together with interest thereon, to the extent of revenue from sales of related heavy water. The timing of the realization of the $97 million has yet to be determined.

As a result of a change in accounting policy, repayable parliamentary appropriations for heavy water are now treated as contributed capital rather than netted against the cost of heavy water as previously reported. Due to this change the stated value of heavy water inventory at March 31, 1993 has been increased by $425.5 million (1992—$431.6 million) and the year-end balances of contributed capital include corresponding amounts of repayable appropriations. In future, therefore, these appropriations will be returned by way of dividend out of contributed capital.

Repayable appropriations of $6.1 million (1992—$2.4 million) are shown as a reduction of contributed capital for the year. Of this amount, $5.1 million (1992—$2.5 million) represents the net proceeds of sales payable to the government.

7. Long-term Receivables

	1993	1992
	(in thousands of dollars)	
Notes receivable from provincial utilities in respect of the financing of nuclear facilities maturing through 2008, according to their terms,but repaid in full subsequent to March 31, 1993 (refer to Note 9 for related debt)	428,843	458,433
Contract receivables, maturing through 1998	60,209	43,296
Mortgages receivable and other	1,631	2,370
	490,683	504,099
Current portion	436,685	40,453
	53,998	463,646

ATOMIC ENERGY OF CANADA LIMITED—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Continued*

8. Property, Plant and Equipment

	1993				1992
	Cost	Parliamentary Appropriations and Third Party Funding	Accumulated Amortization	Net	Net
	(in thousands of dollars)				
Nuclear power operations					
Land and improvements	1,169	455	110	604	604
Buildings	7,118	3,548	3,305	265	99
Machinery and equipment	27,099	4,601	15,072	7,426	6,414
	35,386	8,604	18,487	8,295	7,117
Research and development operations					
Land and improvements	12,385	11,761	546	78	59
Buildings	84,826	82,540	926	1,360	1,287
Reactors and equipment	247,475	243,714	1,999	1,762	1,252
Construction in progress	99,892	77,847		22,045	19,715
	444,578	415,862	3,471	25,245	22,313
	479,964	424,466	21,958	33,540	29,430

Amortization of property, plant and equipment for the year ended March 31, 1993 amounted to $3.5 million (1992—$1.8 million).

Research and development operations include commercial activities, principally the production of radioisotopes under a supply agreement entered into with Nordion in 1988 as part of the process of privatization of that company (refer to Note 4). At March 31, 1993 the net book value of construction in progress related to the radioisotopes business was $19.9 million after giving effect to a $7.8 million write-off arising from changes in technology direction.

9. Long-term Debt

	1993	1992
	(in thousands of dollars)	
Loans from Government of Canada		
To finance provincial utility nuclear facilities, maturing through 2008, according to their terms, but repaid in full subsequent to March 31, 1993 (refer to Note 7 for related receivables)	428,851	458,297
To finance leased heavy water and other assets, maturing through 2008 at interest rates varying from 5.125% to 8.50%.	17,221	18,858
Loans from third parties		
To finance the purchase of the Glace Bay heavy water plant, maturing through 1998 at an imputed interest rate of 8.875%	13,297	15,361
	459,369	492,516
Current portion	432,560	33,132
	26,809	459,384

Loan repayments required over succeeding years are as follows (millions of dollars): 1994—$432.6; 1995—$3.9; 1996—$4.0; 1997—$4.1; 1998—$4.3; and subsequent to 1998—$10.5.

ATOMIC ENERGY OF CANADA LIMITED—*Concluded*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Concluded*

10. Decommissioning Activities

When prototype reactors, heavy water plants, nuclear research, development and other facilities have no further commercial or research value to the corporation, they are retired and subsequently decommissioned in accordance with Atomic Energy Control Board regulations. Due to the variety of facilities, the decommissioning process may differ in each case. In some cases, decommissioning activities are carried out in stages with intervals of several decades between them to allow radioactivity to decay before moving on to the next stage. Activities include dismantling, decontamination and residual waste storage and disposal.

Estimation of future decommissioning and site remediation costs depends on the development of detailed plans, acceptable to regulatory agencies, which requires determination of the desired end-state, technology to be employed and, in some cases, research and development. During the past year the corporation has prepared a broad plan of activities to be carried out over the next four to five decades. While the cost of much of this future work cannot be reasonably estimated, it has been possible to determine a range of $200-300 million (in 1993 dollars) as the likely cost of those other parts of the program for which preliminary estimates can be made.

The corporation has not recorded any liability for these future costs because historically decommissioning activities have been financed through parliamentary appropriations complemented by proceeds from related asset sales. It is expected that this will continue to be the case except to the extent that the corporation is able to recover through its commercial and cost-sharing arrangements with third parties an allowance for decommissioning costs associated with current commercial and cost-shared work. To that extent, future costs will in future be provided for as third party contributions are realized. Beyond that, the corporation expects to continue its present policy of expensing costs as decommissioning activities take place.

As of March 31, 1993, the Gentilly 1, Douglas Point and Nuclear Power Demonstration prototype reactors have been placed in a safe-storage mode and the Glace Bay and Port Hawkesbury heavy water production facilities have been dismantled. The LaPrade heavy water facility remains in a mothballed state. Decommissioning activities during the year included maintenance and protection of the above facilities and continuing work on the WR-1 research reactor, the former isotope processing facilities at Tunney's Pasture and facilities at Chalk River.

11. Related Party Transactions

In addition to the transactions disclosed elsewhere in these financial statements, the corporation had the following transactions with the Government of Canada:

	1993	1992
	(in thousands of dollars)	
Repayment of loans and interest	75,289	82,377
Payments to the Public Service Superannuation Plan	13,777	12,717

In the normal course of business, the corporation also enters into various transactions with the Government of Canada, its agencies and other Crown corporations.

12. Supplementary Information

Sales Agents' Remuneration

Remuneration and expenses paid to the following sales agents and representatives in 1993 aggregated $1.7 million (1992—$0.9 million): B.C. Simeon Park, U.S.A.; Marubeni Corporation, Japan; PII-PED International Inc., U.S.A. and Korea; P.T. Sanga Kencana International, Indonesia; Samchang Corporation, Korea.

Subsidiary

These financial statements include the accounts of the corporation's wholly-owned subsidiary AECL Inc. incorporated in the State of Delaware, U.S.A. in 1988.

13. Comparative Figures

Certain reclassifications have been made to the 1992 comparative figures to conform with the current year's presentation.

BANK OF CANADA

AUDITORS' REPORT

We have audited the statement of assets and liabilities of the Bank of Canada as at December 31, 1992 and the statement of revenue and expense for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 1992 and the results of its operations for the year then ended in accordance with the accompanying summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré
Chartered Accountants

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
January 22, 1993

STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 1992
(with comparative figures for 1991)
(in millions of dollars)

ASSETS	1992	1991
Deposits payable in foreign currencies		
U.S.A. dollars	163.2	230.7
Other currencies	9.6	6.2
	172.8	236.9
Advances to members of the Canadian Payments Association (Note 8)	224.5	1,173.9
Investments—At amortized values		
Treasury bills of Canada	14,393.6	12,819.1
Other securities issued or guaranteed by Canada maturing within three years	3,210.1	3,920.1
Other securities issued or guaranteed by Canada not maturing within three years	4,763.3	5,356.6
Other investments	4,177.7	3,002.9
	26,544.7	25,098.7
Bank premises (Note 4)	233.4	196.6
Other assets	266.2	339.0
	27,441.6	27,045.1

LIABILITIES	1992	1991
Capital paid up (Note 5)	5.0	5.0
Rest fund (Note 6)	25.0	25.0
Notes in circulation	25,609.2	24,481.4
Deposits		
Government of Canada	20.1	21.0
Chartered banks	1,116.8	1,617.9
Other members of the Canadian Payments Association	88.8	133.6
Other deposits	512.9	559.4
	1,738.6	2,331.9
Liabilities payable in foreign currencies		
Government of Canada	28.1	95.6
Other liabilities	35.7	106.2
	27,441.6	27,045.1

See accompanying notes to the financial statements.

J. W. CROW
Governor

J.-P. AUBRY
Chief Accountant

BANK OF CANADA—*Continued*

STATEMENT OF REVENUE AND EXPENSE
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in millions of dollars)

	1992	1991
Revenue		
Revenue from investments, net of interest paid on deposits of $26.7 ($39.0 in 1991)	2,007.5	2,324.4
Operating expenses		
Staff expenses (Note 2)		
Salaries	78.3	80.2
Contributions to pension and insurance funds	13.7	11.8
Travel and staff transfers	2.7	2.7
Other staff expenses	2.9	2.8
	97.6	97.5
Bank note costs	35.8	41.7
Other expenses		
Premises maintenance—Net of rental income	19.9	21.2
Taxes—Municipal and business	11.5	10.9
Directors' fees	0.1	0.1
Auditors' fees and expenses	0.6	0.6
Data processing and computer costs	8.3	7.5
Printing of publications	0.7	0.7
Other printing and stationery	1.8	2.0
Postage and express	1.5	1.7
Telecommunications	1.8	1.9
Other expenses—Net (Note 3)	2.2	2.6
	48.4	49.2
Depreciation on buildings and equipment	19.8	17.2
	201.6	205.6
Net revenue paid to Receiver General for Canada	1,805.9	2,118.8

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Significant accounting policies

The financial statements of the Bank conform to the disclosure and accounting requirements of the *Bank of Canada Act* and the Bank's by-laws. The significant accounting policies of the Bank are:

(a) Revenues and expenses

Revenues and expenses are accounted for on the accrual basis except for interest on advances to a bank ordered to be wound up where interest is recorded as received.

(b) Investments

Investments, consisting mainly of Government of Canada treasury bills and bonds, are recorded at cost adjusted for amortization of purchase discounts and premiums. The amortization as well as gains and losses on disposition are included in revenue.

(c) Translation of foreign currencies

Assets and liabilities in foreign currencies are translated to Canadian dollars at the rates of exchange prevailing at the year-end. Gains and losses from translation of, and transactions in, foreign currencies are included in revenue.

(d) Bank premises

Bank premises, consisting of land, buildings and equipment, are recorded at cost less accumulated depreciation. Depreciation is calculated on the declining balance method using the following annual rates:

Buildings	5%
Computer equipment	35%
Other equipment	20%

A full year of depreciation is charged against assets in the year of acquisition, except for projects in progress which are depreciated from the point of substantial completion. No depreciation is taken on assets in the year of disposal.

(e) Pension plan

Pension plan expense is recorded on the basis of the Bank's contributions. Actuarial surpluses or deficiencies, if any, are amortized over periods not exceeding those provided for by the *Pension Benefits Standards Act, 1985,* and the regular contributions are adjusted accordingly.

(f) Insurance

The Bank does not insure against direct risks of loss to the Bank, except for potential liabilities to third parties and where there are legal or contractual obligations to carry insurance. Any costs arising from these risks are recorded in the accounts at the time they can be reasonably estimated.

2. Staff expenses

Wages and benefits of Bank staff engaged in premises maintenance are not included in this category but rather as part of the Premises maintenance expenses.

3. Other expenses—net

Other expenses—net includes expenses recovered through fees for a variety of services provided by the Bank ($1.3 million in 1992 and $.7 million in 1991).

BANK OF CANADA—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

4. Bank premises

	1992			1991		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	(in millions of dollars)					
Land and buildings	210.6	82.1	128.5	174.6	79.2	95.4
Computer equipment	40.4	29.8	10.6	43.4	31.7	11.7
Other equipment	95.8	50.3	45.5	68.6	44.2	24.4
	346.8	162.2	184.6	286.6	155.1	131.5
Projects in progress	48.8		48.8	65.1		65.1
	395.6	162.2	233.4	351.7	155.1	196.6

5. Capital

The authorized capital of the Bank is $5.0 million divided into 100,000 shares of the par value of $50.00 each. The shares are fully paid and in accordance with the *Bank of Canada Act* have been issued to the Minister of Finance, who is holding them on behalf of Canada.

6. Rest fund

The rest fund was established by the *Bank of Canada Act* and represents the general reserve of the Bank. In accordance with the Act, the rest fund was accumulated out of net revenue until it reached the stipulated maximum amount of $25.0 million in 1955. Subsequently, all net revenues have been paid to the Receiver General for Canada.

7. Commitments

As at December 31, 1992, outstanding commitments under contracts for new buildings and equipment totalled $29.2 million. These contracts call for payments over the next two years

8. Legal matters

Advances include a total of $29.5 million, unchanged from 1991, provided to the Canadian Commercial Bank and the Northland Bank for which winding-up orders have been issued by the courts. On the basis of the available information, it is the opinion of the Bank of Canada that this amount will be fully repaid from the proceeds of the liquidations.

The Bank of Canada's security for these advances includes the loan portfolios of those institutions. In the case of the Canadian Commercial Bank, the liquidator's conclusion that loans made by the Canadian Commercial Bank in California form part of the Bank of Canada's security has been challenged and this issue is before the courts. In the event of a final legal determination that part of the California loan portfolio is not included in the security, it could result in some adjustment to amounts which have been recorded in income. The information available at the present time is not sufficient to estimate the potential magnitude of such an adjustment.

CANADA COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management of Canada Council (Council) in accordance with the accounting policies and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Canada Council Act* and by-laws of the Council.

The Council is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Council exercises its responsibilities through the Audit Committee whose members are not officers of the Council. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Council. The Council has reviewed and approved the financial statements.

The Council's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Council and the Minister responsible for the Council.

Paule Leduc
Director

Peter Brown
Treasurer

AUDITOR'S REPORT

TO THE CANADA COUNCIL AND THE MINISTER OF COMMUNICATIONS

I have audited the balance sheets of the Endowment Account and Special Funds of the Canada Council as at March 31, 1993 and the statements of revenue and expense, equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 3 to the financial statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 28, 1993

(except for Note 2 for which the date is June 11, 1993.)

CANADA COUNCIL—*Continued*

ENDOWMENT ACCOUNT

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Cash and short-term deposits	6,167	4,060
Accrued investment income	1,845	1,892
Accounts receivable	611	351
Prepaid expenses	1,006	212
Investments (Note 5)	117,831	111,979
Equipment and leasehold improvements (Note 6)	884	1,276
Works of art	16,535	15,751
	144,879	135,521

LIABILITIES	1993	1992
Grants payable	19,658	16,632
Accounts payable and accrued liabilities	1,200	1,265
Deferred revenue (Note 7)	834	993
Due to Special Funds	4,451	4,666
Due to Special Trusts (Note 8)	1,372	1,631
Provision for employee termination benefits	1,084	1,051
	28,599	26,238
EQUITY		
Fund capital		
Principal	50,000	50,000
Accumulated net gains on disposal of investments	44,097	37,351
	94,097	87,351
Contributed surplus—works of art	16,535	15,751
Surplus	5,648	6,181
	116,280	109,283
	144,879	135,521

Approved by management:

PAULE LEDUC
Director

PETER BROWN
Treasurer

Approved by the Council:

ALLAN GOTLIEB
Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenue		
Parliamentary appropriation	108,038	105,493
Net interest and dividends (Note 9)	8,191	9,062
Art Bank rental fees	1,532	1,387
Cancelled grants and refunds of grants approved in previous years	546	584
Other revenue	342	276
	118,649	116,802
Expense		
Arts		
Grants and services	97,220	95,363
Administration (Schedule)	11,113	11,019
Works of art—net purchases (Note 10)	856	959
	109,189	107,341
Canadian Commission for UNESCO		
Administration (Schedule)	1,375	1,437
Grants and services	126	115
	1,501	1,552
General administration (Schedule)	8,492	8,435
	119,182	117,328
Excess of expense over revenue for the year	533	526

STATEMENT OF EQUITY OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Fund capital		
Principal	50,000	50,000
Accumulated net gains on disposal of investments		
Balance at beginning of the year	37,351	35,673
Net gains on disposal for the year	6,746	1,678
Balance at end of the year	44,097	37,351
Balance of Fund capital at end of the year	94,097	87,351
Contributed surplus—works of art		
Balance at beginning of the year	15,751	14,792
Adjustment to works of art inventory (Note 10)	(72)	
Net purchases during the year (Note 10)	856	959
Balance at end of the year	16,535	15,751
Surplus		
Balance at beginning of the year	6,181	6,707
Excess of expense over revenue for the year	533	526
Balance at end of the year	5,648	6,181

STATEMENT OF CHANGES IN FINANCIAL POSITION OF THE ENDOWMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Excess of expense over revenue for the year	(533)	(526)
Items not affecting cash		
Amortization	449	507
Employee termination benefits	33	94
	(51)	75
Change in non-cash operating assets and liabilities	1,321	(122)
Funds provided by (applied to) operating activities	1,270	(47)
Financing activities		
Net gains on disposal of investments credited to Fund capital	6,746	1,678
Investing activities		
Acquisition of equipment and leasehold improvements	(57)	(294)
Proceeds of disposal of equipment		21
Increase in investments	(5,852)	(9,124)
Funds applied to investing activities	(5,909)	(9,397)
Increase (decrease) in funds	2,107	(7,766)
Cash and short-term deposits at beginning of the year	4,060	11,826
Cash and short-term deposits at end of the year	6,167	4,060

CANADA COUNCIL—*Continued*

SPECIAL FUNDS

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Cash and short-term deposits	3,062	2,528
Accrued interest and accounts receivable	481	549
Investments (Note 5)	39,667	38,758
Due from Endowment Account	4,451	4,666
Donated property	883	
Musical instruments	930	930
	49,474	47,431

LIABILITIES	1993	1992
Grants payable	2,615	2,803
Accounts payable and accrued liabilities	31	
Deferred revenue	20	20
	2,666	2,823
EQUITY		
Fund capital		
Principal	35,180	34,141
Accumulated net gains on disposal of investments	10,839	9,546
	46,019	43,687
Surplus	789	921
	46,808	44,608
	49,474	47,431

Approved by management:

PAULE LEDUC
Director

PETER BROWN
Treasurer

Approved by the Council:

ALLAN GOTLIEB
Chairman

CANADA COUNCIL—*Continued*

STATEMENT OF REVENUE AND EXPENSE OF THE SPECIAL FUNDS FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenue		
Net interest and dividends (Note 9)	2,873	3,023
Other revenue	19	102
	2,892	3,125
Expense		
Grants	2,629	2,741
Administration	395	373
	3,024	3,114
Excess of (expense over revenue) revenue over expense for the year	(132)	11

STATEMENT OF EQUITY OF THE SPECIAL FUNDS (NOTE 4) FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Fund capital		
Principal		
Balance at beginning of the year	34,141	33,141
Donations received	1,039	1,000
Balance at end of the year	35,180	34,141
Accumulated net gains on disposal of investment		
Balance at beginning of the year	9,546	9,906
Net gains (losses) on disposal of investments	1,293	(360)
Balance at end of the year	10,839	9,546
Balance of Fund capital at end of year	46,019	43,687
Surplus		
Balance at beginning of the year	921	910
Excess of (expense over revenue) revenue over expense for the year	(132)	11
Balance at end of the year	789	921

STATEMENT OF CHANGES IN FINANCIAL POSITION OF THE SPECIAL FUNDS FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Excess of (expense over revenue) revenue over expense for the year	(132)	11
Change in non-cash operating assets and liabilities	126	(467)
Funds used by operating activities	(6)	(456)
Financing activities		
Donations received	1,039	1,000
Donations received as real property	(883)	
Net gains (losses) on disposal of investments credited (charged) to Fund capital	1,293	(360)
Funds provided by financing activities	1,449	640
Investing activities		
Increase in investments	(909)	(2,067)
Increase (decrease) in funds	534	(1,883)
Cash and short-term deposits at beginning of the year	2,528	4,411
Cash and short-term deposits at end of the year	3,062	2,528

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority, operations and objectives

The Canada Council was established by the *Canada Council Act* in 1957 which authorized the creation of an Endowment Fund of $50 million pursuant to Section 13 of the Act. Except for the annual parliamentary appropriation, monies or properties donated to the Council pursuant to Section 18 of the Act are generally accounted for as Special Funds or Special Trusts. The Council has been assigned the functions and duties for the Canadian Commission for UNESCO pursuant to Paragraph 8 (2) of the Act. The Council is not an agent of Her Majesty. Its objectives are to foster and promote the study, enjoyment and production of works, in the arts.

2. Significant subsequent event

In the Budget speech of February 25, 1992, the Government announced the merging of the Canada Council, the Social Sciences and Humanities Research Council and the international cultural and international academic relations programs of External Affairs and International Trade Canada. On June 10, 1993, the legislation (Bill C-93) amending the *Canada Council Act* was defeated in the Senate.

3. Significant accounting policies

These financial statements have been prepared by management in accordance with accounting policies judged appropriate for this entity which, with the exception of recording the gains and losses on disposal and amortization of premiums and discounts on investments, are in accordance with generally accepted accounting principles.

The most significant accounting policies are:

(a) Investments

Equities, bonds, debentures and mortgages are recorded at cost. The portfolios of three Special Funds (Molson Prize, Lynch-Staunton and John G. Diefenbaker Award) are merged with the Endowment Account. Special Funds with capital in excess of $250,000 and received after January 1, 1990 are merged with the Endowment Account. The participation of each fund is calculated on the basis of market value as at the date the monies are received. Interest, dividends, gains and losses on disposal of investments are allocated to each fund based on the percentages established at the beginning of each quarter.

Special Funds with capital less than $250,000 and Special Trusts earn interest calculated quarterly using the ninety day Treasury Bill rate at the beginning of the quarter.

Investments are written down to market value when the loss in value is considered to be a permanent decline.

(b) Prepaid expenses

Exhibition costs in the Art Bank are deferred and amortized over three years in order to properly match those expenses with the rental revenues generated from the exhibitions.

(c) Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost and amortized over their estimated useful lives on the straight-line method, as follows:

Equipment	5 years
Leasehold improvements	term of the lease (maximum 10 years)

A full year's amortization is taken in the year of acquisition while no amortization is taken in the year of disposal. Gains and losses on disposals are netted against the amortization expense in the year of disposal.

(d) Works of art

Works of art acquired by the Canada Council Art Bank are recorded at laid-down cost and no amortization is recorded.

(e) Donated property—Special Funds

Donated property is recorded at appraised value and the amount is credited to the principal of the fund capital.

(f) Musical instruments—Special Funds

Musical instruments are recorded at cost.

(g) Special Funds and Special Trusts

Special Funds and Special Trusts include amounts received by the Canada Council by way of bequest, gift or donation and may be specific as to purpose.

Special Funds are managed at the full discretion of the Canada Council and are invested in accordance with the policies of the Endowment Fund.

Special Trusts are either managed or allowed to have their capital drawn down, in accordance with the donor's wishes.

(h) Employee termination benefits

Employees are entitled to specific termination benefits as provided for under the Council's policy and conditions of employment. The cost of these benefits is expensed in the year in which they accrue to employees.

(i) Gains and losses on disposal of investments

Pursuant to subsection 17(2) of the Act, net gains or losses on disposal of investments are credited or charged to the Fund capital. Gains and losses also include premiums and discounts on fixed term investments. In the event that net losses exceed the Fund balance, the excess is charged to operations.

(j) Contributed surplus

Amounts paid during the year for the purchase of works of art acquired by the Canada Council Art Bank are expensed. Such purchases, net of any proceeds from sales of works of art, are then capitalized as contributed surplus—works of art.

(k) Capitalization of net income of Special Funds

The Council normally capitalizes 10% of the revenue less administration expenses of the Izaak Walton Killam Memorial Fund for Advanced Studies and the Killam Special Scholarship Fund, in accordance with advice received from the trustees of these Funds in order to preserve the equity for future beneficiaries. However, the Council reserves the right to draw at any time on the accumulated net income capitalized, for the purposes of the funds.

(l) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Council contribute equally to the cost of the Plan. This contribution represents the total liability of the Council. The Council is not required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(m) Parliamentary appropriations

Parliamentary appropriations to the Council are recorded as revenue in the year in which they are appropriated by Parliament.

(n) Grants and services

Grants approved by the Council are recorded as expense in the appropriate year as determined by the Treasurer in consultation with the Arts Division. Cancelled grants and refunds of grants approved in previous years, are shown as revenue.

Services to the arts, which include juries, advisory committees, prizes and other costs that directly serve artists or the arts community, are recorded as expense in the year in which they are incurred.

(o) Foreign currency translation

Foreign currency transactions are translated into canadian dollars at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into Canadian dollars at the exchange rate in effect at that date. Non-monetary assets and liabilities are translated at the applicable historical exchange rates.

4. Special Funds

(a) Izaak Walton Killam Memorial

A bequest of $12,339,615 in cash and securities was received from the estate of Mrs. Dorothy J. Killam and was established "to provide scholarships for advanced study or research in any field of study or research other than the 'arts' as presently defined in the *Canada Council Act* and not limited to the 'humanities and social sciences' referred to in such Act".

The bequest contains the provision that the Fund shall not form part of the Endowment Account or otherwise be merged with any assets of the Council, and in the event that the Canada Council should ever be liquidated or its existence terminated or its powers and authority changed so that it is no longer able to administer any Killam Trust, the assets forming any such Killam Trust shall thereupon be paid over to certain universities which have also benefited under the will. The cash and securities received and the proceeds have been invested in a separate portfolio.

The fund equity as at March 31, 1993 was $19,799,871 (1992—$19,170,880).

(b) Killam Special Scholarship

This fund was established by way of securities received from Mrs. Dorothy J. Killam. Dividends and proceeds from the redemption of those securities amounted to $13,653,344.

The net income from this fund is available to provide fellowship grants to Canadians for advanced study or research in the fields of medicine, science and engineering.

The fund equity as at March 31, 1993 was $18,395,528 (1992—$17,997,377).

(c) Jean A. Chalmers

An endowment of $500,000 in cash was received from Mrs. Floyd S. Chalmers to establish a special Jean A. Chalmers Fund for the crafts. In consultation with the Canadian Crafts Council, the income of the fund is used to provide a small number of special project grants for the development or advancement of the crafts in Canada.

The fund equity as at March 31, 1993 was $528,685 (1992—$548,535).

(d) Molson Prize

Gifts of $1,000,000 were received from the Molson Foundation for the establishment of the Molson Prize Fund. The income of the fund is used for awarding cash prizes to Canadians "for outstanding achievement in the fields of the Arts, the Humanities or the Social Sciences".

The fund equity as at March 31, 1993 was $1,553,563 (1992—$1,468,870).

(e) Lynch-Staunton

This fund was established by a bequest in cash of $699,066 received from the estate of V.M. Lynch-Staunton, the income from which is available for the regular programs of the Council.

The fund equity as at March 31, 1993 was $1,611,108 (1992—$1,514,962).

(f) Vida Peene

This fund was established by a bequest in cash of $599,761 received from Vida Peene to provide payments to specified organizations.

The fund equity as at March 31, 1993 was $599,761 (1992—$599,761).

(g) Joseph S. Stauffer

This fund was established by bequests in cash totalling $400,000 from the estate of Joseph S. Stauffer, the income from which is to provide prizes to encourage promising young Canadians in the fields of music, visual arts and literature.

The fund equity as at March 31, 1993 was $451,047 (1992—$472,047).

(h) John G. Diefenbaker Award

The Council received an endowment of $1,000,000 from the Government of Canada. The income from this endowment is to be used to provide an annual grant to a German scholar to engage in research or advanced studies in Canada.

The fund equity as at March 31, 1993 was $1,105,467 (1992—$1,067,608).

(i) Coburn Fellowship

During the year the estate of Kathleen Coburn was settled. Bequests totalling $963,840 in cash and property were received from the estate. The income from the fund is to provide for exchanges of scholars between Israël and Canada.

The fund equity as at March 31, 1993 was $996,988.

CANADA COUNCIL—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Continued*

The following Special Funds have an original capital of less than $250,000 and have a total fund equity as at March 31, 1993 of $1,639,029 (1992—$1,768,174).

(j) Other

(i) Frances Elizabeth Barwick and J.P. Barwick

Bequests totalling $93,000 in cash were received from the estates of Mrs. Frances Elizabeth Barwick and J.P. Barwick. The total fund is to be used for the benefit of the musical arts and is being used for the Council's Musical Instruments Bank.

(ii) John B.C. Watkins

This fund was established by a bequest consisting of the net income from the residue of the estate of the late John B.C. Watkins to provide scholarships for postgraduate studies.

(iii) The Duke and Duchess of York Prize in Photography

The Council received an endowment of $170,000 from the Government of Canada to mark the occasion of the marriage of The Duke and Duchess of York. The income from this endowment is to be used to provide an annual scholarship to a professional artist for personal creative work or advanced study in photography.

(iv) Petro Canada Award

Petro Canada donated $50,000 towards an award in the media arts. The income from this donation is to be used to provide an award every two years to an artist who has achieved outstanding and innovative use of new technology in the media arts.

(v) Ronald J. Thom Award

The Council was the beneficiary of donation totalling $106,898 to provide an award every two years "to a candidate in the early stages of his or her career in architecture, who demonstrates outstanding creative talent in architectural design and a sensitivity to its allied arts".

(k) Funds will eventually be received from the following bequests:

(i) Edith Davis Webb

This fund, estimated at $400,000, is intended "for the purpose of making grants or establishing scholarships for musical study in such manner as the Council shall determine".

(ii) John Stephen Hirsch

This fund, the amount of which cannot be determined at this time, is being established from the estate of John Hirsch for specific purposes. An interim distribution of $113,000 has been received from the estate.

5. Investments

	1993		1992	
	Cost	Market value	Cost	Market value
	(in thousands of dollars)			
Endowment Account				
Bonds and debentures	61,804	65,596	59,635	61,516
Equities	54,603	65,518	50,796	60,657
Mortgages	1,424	1,424	1,548	1,548
	117,831	132,538	111,979	123,721
Special Funds				
Bonds and debentures	17,825	18,206	18,823	18,867
Equities	21,658	22,617	19,727	19,984
Mortgages	184	184	208	208
	39,667	41,007	38,758	39,059

6. Equipment and leasehold improvements

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Equipment	2,463	2,137	326	558
Leasehold improvements	1,510	952	558	718
	3,973	3,089	884	1,276

7. Deferred revenue

	1993	1992
	(in thousands of dollars)	
Art Bank		
—rentals of works of art	425	482
—deferred rent	55	137
Canadian Commission for UNESCO	272	306
Touring Office	82	68
	834	993

The deferred rent represents an inducement payment received from the landlord that will be used to reduce rental accommodation expense next year. Amounts from the Canadian Commission for UNESCO represent funds received for specific programs for which expenses have not yet been incurred.

CANADA COUNCIL—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

8. Due to Special Trusts

These funds have been accounted for separately due to special conditions related to the donations. Trusts with balances exceeding $50,000 are:

(i) Glenn Gould Prize Fund

The Council has received $525,113 from the Glenn Gould Memorial Foundation to provide a prize of $50,000 every three years (funds permitting) to an outstanding individual for his or her original contribution to the field of music and communications. As at March 31, 1993, the balance stood at $711,083 (1992—$700,648).

(ii) Visiting Foreign Artists Program

The Visiting Foreign Artists Program is administered by the Arts Awards Service of the Canada Council on behalf of the Department of External Affairs. It is a residency program through which Canadian professional arts organizations receive assistance to invite distinguished foreign artists from any country outside Canada for periods ranging from two weeks to four months. As at March 31, 1993, the balance stood at $76,012 (1992—$71,162).

(iii) Japan-Canada Fund

The Council received an endowment of $966,651 from the Government of Japan "to further strengthen the relations between Canada and Japan". After consultations with the Embassy of Japan, the endowment is to be used to fund programs that will encourage artistic exchange between the two countries. As at March 31, 1993, the balance stood at $624,378 (1992—$848,095).

9. Net interest and dividends

	1993	1992
	(in thousands of dollars)	
Endowment Account		
Interest and dividends	8,650	9,498
Investment portfolio management costs	(459)	(436)
Net interest and dividends	8,191	9,062
Special Funds		
Interest and dividends	2,996	3,126
Investment portfolio management costs	(123)	(103)
Net interest and dividends	2,873	3,023

10. Works of art

	1993	1992
	(in thousands of dollars)	
Purchases	879	1,005
Proceeds from sales	(23)	(46)
Net purchases	856	959

During the year, Council made a one time adjustment of $72,000 to the works of art and contributed surplus—works of art, in order to reflect properly the book value of the works of art inventory.

11. Lease commitments

The Council is a party to long-term leases with respect to rental accommodation. The aggregate minimum annual rental is as follows:

	(in thousands of dollars)
1994	2,013
1995	3,608
1996	3,644
1997	3,670
1998	3,715
1999-2004	19,312

The annual rentals will be reduced as a result of a sub-lease with Public Works Canada.

12. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council enters into transactions with Government of Canada departments, agencies and Crown Corporations in the normal course of business.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

SCHEDULE OF ADMINISTRATION EXPENSE
OF THE ENDOWMENT ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	Arts	Canadian Commission for UNESCO	General	Total 1993	Total 1992
Salaries	6,154	788	4,058	11,000	10,600
Employee benefits	1,164	166	746	2,076	1,919
Office accommodation	1,749	129	1,287	3,165	3,206
Professional and special services	492	34	569	1,095	984
Staff travel	659	88	141	888	1,021
Communications	444	38	194	676	745
Informatics	64		492	556	584
Amortization	86		363	449	507
Printing, publications and duplicating	163	20	206	389	454
Meeting expenses including members' honoraria	44	104	207	355	458
Office expenses and equipment	74	7	158	239	341
Miscellaneous	20	1	71	92	72
	11,113	1,375	8,492	20,980	20,891

CANADA DEPOSIT INSURANCE CORPORATION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Canada Deposit Insurance Corporation and all information in this annual report are the responsibility of management and the financial statements have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained in accordance with the *Financial Administration Act* and regulations as well as the *Canada Deposit Insurance Corporation Act* and by-laws of the Corporation. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have free access to the audit committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting and recommending the annual report and financial statements to the Board of Directors.

In accordance with its Statutory Objects, the Corporation monitors the operations of its member institutions with varying degrees of intensity, as circumstances warrant. Except for the contingencies disclosed in Note 3 of the financial statements where we have not yet been able to estimate the exposure to loss, we are not aware of any other situation at this time where the Corporation is exposed to a material loss.

These financial statements have been independently audited by the Corporation's auditor, the Auditor General of Canada, and his report is included herein.

J. P. Sabourin
President and Chief Executive Officer

Johanne R. Lanthier
Vice-President, Finance

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1992 and the statements of operations and deposit insurance fund, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Deposit Insurance Corporation Act* and the by-laws of the Corporation.

I wish to draw to your attention that, as described in Note 3 to the financial statements, the Corporation is facing exposure to losses which could be material. No provision for losses has been taken in the financial statements in respect to this exposure, as the Corporation is not in a position at this time to estimate it. However, if these losses materialize, they could have a significant impact on future years' operating results.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 21, 1993

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash and investments	321,068	201,742
Premiums and other accounts receivable	5,191	3,582
Deferred interest expense	24,455	
Capital assets	2,043	1,541
	352,757	206,865
Loans receivable (Note 4)	1,566,974	47,400
Claims receivable (Note 4)	1,381,997	1,431,755
	2,948,971	1,479,155
Allowance for losses on claims and loans receivable (Note 5)	(416,500)	(357,000)
	2,532,471	1,122,155
	2,885,228	1,329,020

LIABILITIES	1992	1991
Accounts payable	5,705	15,088
Provision for guarantees (Note 6)	615,000	
Loans from Consolidated Revenue Fund (Note 7)	3,715,180	1,903,910
	4,335,885	1,918,998
Contingent liabilities (Note 3)		
DEPOSIT INSURANCE FUND		
Deficit at year end	(1,450,657)	(589,978)
	2,885,228	1,329,020

Approved by the Board:

G.L. REUBER
Chairman

H. MARCEL CARON
Director

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND DEPOSIT INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Premiums	302,371	290,473
Interest on loans receivable		3,384
Interest on investments	3,212	5,482
Other interest	2,273	9,498
	307,856	308,837
Expenses		
Provision for losses on guarantees (Note 6)	615,000	
Interest on loans from the Consolidated Revenue Fund (Note 7)	176,950	167,604
Provision for losses on claims and loans receivable (Note 5)	344,532	61,000
Administrative expenses (Note 10)	28,652	27,649
Other interest	3,401	
	1,168,535	256,253
Gain (loss) from operations	(860,679)	52,584
Deficit, beginning of year	(589,978)	(642,562)
Deficit, end of year	(1,450,657)	(589,978)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating Activities		
Gain (loss) from operations	(860,679)	52,584
Non-cash items included in gain (loss) from operations		
Provision for losses on guarantees	615,000	
Provision for losses on claims and loans receivable	344,532	61,000
Other	(63,501)	47,336
Loans disbursed	(1,538,705)	(39,050)
Loans recovered	19,131	96,414
Claims paid	(492,981)	(1,408,139)
Claims recovered	262,539	728,038
Cash used in operating activities	(1,714,664)	(461,817)
Investing Activities		
Purchase of capital assets—net	(1,010)	(867)
Financing Activities		
Loans from the Consolidated Revenue Fund:		
Advances	2,105,000	1,375,000
Repayments	(270,000)	(785,000)
Cash provided by financing activities	1,835,000	590,000
Cash and investments:		
Increase during the year	119,326	127,316
Balance, beginning of year	201,742	74,426
Balance, end of year	321,068	201,742

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and Objective

The Corporation was established in 1967 by the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*). It is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits, to be instrumental in the promotion of standards of sound business and financial practices for member institutions, and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada. These objects are to be pursued for the benefit of depositors of member institutions and in such manner so as to minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental in the furtherance of its objects including the acquisition of assets from, and providing guarantees or loans to a member institution. It may make or cause to be made inspections of member institutions, prescribe standards of sound business and financial practices, and act as liquidator, receiver or inspector of a member institution or a subsidiary thereof.

2. Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with generally accepted accounting principles.

These financial statements do not reflect the assets, liabilities or operations of member institutions in which the Corporation has intervened.

Premium Revenue

Premiums are recognized when assessed and are based on insured deposits with member institutions as at April 30 of each year. Premiums are collectible in two equal instalments, on June 30 and December 31.

Interest Revenue

The Corporation charges interest on loans it disburses, directly or indirectly, in accordance with the specific terms of the loan agreements. This interest continues to accrue to the benefit of the Corporation but is not recognized in the accounts when an insolvent member institution is placed in liquidation or when there is a reasonable doubt as to the ultimate collectibility of the interest. In such cases, cash receipts are recognized as a reduction of the loan principal until such time as the loans are retired. Subsequent cash receipts are recognized as interest revenue on a cash basis.

Losses on Claims and Loans Receivable

The allowance for losses on claims and loans receivable reflects the Corporation's best estimate of losses in respect of claims against insolvent member institutions arising from payments made to insured depositors and loans made to member institutions and others under a loan agreement.

Losses on Guarantees

In facilitating the restructuring of certain member institutions, CDIC may provide certain guarantees to member institutions. The amount estimated to be required to cover these guarantees is recorded as a charge against current operations and is reflected on the balance sheet as a provision for guarantees.

CANADA DEPOSIT INSURANCE CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

General Provision for Losses

The Corporation does not recognize in its accounts a general provision for losses on insured deposits or a related expense for losses in respect of member institutions for whom it has not made loans or advances or given specific guarantees.

3. Contingent Liabilities

Exposure to Losses From Member Institutions

By the nature of its business as insurer of deposits, the Corporation is exposed to losses resulting from the operations of its member institutions. The financial condition of certain member institutions remains of concern, which exposes the Corporation to losses that could be material. The Corporation cannot, at this time, determine its exposure to loss in respect of these member institutions. In accordance with the accounting policy set out in Note 2, no general provision for loss has been recorded for these possible losses.

Litigation

The Corporation is a defendant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. The Corporation does not believe it has any liability as a result of these actions and has therefore not provided for any potential claims.

4. Claims and Loans Receivable

Under the general powers of subsection 10(1) of the *CDIC Act*, the Corporation made secured loans to member institutions and others through the provisions of loan agreements.

Claims against insolvent member institutions arise through the subrogation of the rights and interests of the depositor when the Corporation pays that depositor's claim. The Corporation also asserts a claim against insolvent member institutions in liquidation, arising out of loans previously disbursed by the Corporation. The Corporation is asserting claims against all the insolvent member institutions that have been placed in liquidation.

5. Allowance for Losses on Claims and Loans Receivable

	1992	1991
	(in thousands of dollars)	
Balance, beginning of year	357,000	296,000
Current charge to operations	344,532	61,000
Losses recognized in current year	(285,032)	
Balance, end of year	416,500	357,000

6. Provision for Guarantees

During the year, the Corporation provided $2.86 billion (1991: Nil) in guarantees to certain member institutions under deficiency coverage agreements. These guarantees were provided in respect of potential principal and income losses on eligible assets of these member institutions. The estimated loss on these guarantees is $615 million. The guarantees will be in force, on a diminishing basis, for a ten (10) year period ending in the year 2002.

7. Loans from the Consolidated Revenue Fund

With Governor in Council approval, the Corporation can borrow up to $6 billion from the Consolidated Revenue Fund.

As at December 31, 1992, the Corporation has $3,715 million in outstanding loans including accrued interest of $65 million (1991: $1,904 million including accrued interest of $89 million).

These loans bear interest at various annual rates ranging from 6.390% to 7.496% and are repayable according to the following schedule:

Year	Amount (in millions of dollars)
1993	2,335
1994	340
1995	585
1996	455
	3,715

8. Income Taxes

The Corporation is subject to federal income tax and has available losses which can be carried forward to reduce future years' earnings.

Such losses total $960.5 million and expire as follows:

Year	Amount (in millions of dollars)
1993	88.5
1994	82.9
1995	136.7
1996	144.4
1997	143.3
1998	141.3
1999	223.4
	960.5

CANADA DEPOSIT INSURANCE CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

9. Insured Deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, as at April 30, 1992 and 1991, were as follows:

	1992	1991
	(in billions of dollars)	
Federal Institutions	280	268
Provincial Institutions	22	22
	302	290

10. Administrative Expenses

	1992	1991
	(in thousands of dollars)	
Inspection, legal and other fees	9,978	8,082
Salaries and other personnel costs	6,098	4,744
Data processing of claims	5,229	7,627
Public awareness program	3,070	3,958
General expenses	2,219	1,977
Premises	2,058	1,261
	28,652	27,649

11. Subsequent Event

At the request of the Corporation and in accordance with paragraph 21(1) (b) of the *CDIC Act*, Governor in Council fixed the premium rate for the premium year 1993 at one-eight of one percent of insured deposits. The premium rate in 1992 was one-tenth of one percent of insured deposits.

12. Comparative Figures

Certain of the 1991 figures have been reclassified to conform with the presentation adopted for 1992.

CANADA DEVELOPMENT INVESTMENT CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF FINANCE

We have audited the consolidated balance sheet of Canada Development Investment Corporation as at December 31, 1992 and the consolidated statements of income (loss) and accumulated deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation and of its wholly-owned subsidiaries that have come to our notice during our audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the corporation and its wholly-owned subsidiaries.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada

Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
March 18, 1993
(except as to Notes 2, 6 and 11 for which the date is June 7, 1993)

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

ASSETS	1992	1991
Current assets:		
Cash and short-term investments	24,258	39,465
Cash restricted as to use (Note 4)	10,000	30,500
Receivables	1,680	2,773
Shares of Cameco Corporation held for sale	98,400	83,870
	134,338	156,608
Investments:		
Non-consolidated subsidiaries, at cost (Note 5)	17,967	23,666
Other investments (Note 6)	124,572	235,553
	142,539	259,219
Deferred financing costs	944	1,373
Other assets	541	5,355
	278,362	422,555

LIABILITIES AND SHAREHOLDER'S EQUITY	1992	1991
Current liabilities:		
Short-term debt	34,328	199,302
Accounts payable and accrued liabilities	34,281	52,947
Notes payable to Atomic Energy of Canada Limited (Notes 5(b) and 9(c))	17,582	38,281
Long-term debt payable within one year (Note 7)	250,000	226,207
	336,191	516,737
Long-term debt (Note 7)	300,000	250,000
SHAREHOLDER'S EQUITY		
Capital stock:		
Authorized—unlimited number of common shares		
Issued and fully paid—101 common shares	1	1
Contributed surplus (Note 8)	214,890	139,890
Accumulated deficit	(572,720)	(484,073)
	(357,829)	(344,182)
Contingencies (Note 9)		
	278,362	422,555

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

PATRICK KEENAN
Director

DONALD SHAVER
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Corporate Operations:		
Interest earned on short-term investments	1,682	3,683
Dividend and other income	2,239	3,105
	3,921	6,788
Corporate and divestiture expenses	(4,148)	(7,312)
Recovery of divestiture expenses incurred in current and prior years	2,700	4,508
	(1,448)	(2,804)
Corporate income, net	2,473	3,984
Financial expense, net (Note 7)	(67,575)	(85,170)
	(65,102)	(81,186)
Net income of investee:		
Cameco Corporation (Note 6)	1,415	19,440
	(63,687)	(61,746)
Provision for losses and contingencies:		
Cameco Corporation (Note 6)	(8,996)	(85,953)
Canadair (Note 9(a))	5,500	
Net loss	(67,183)	(147,699)
Accumulated deficit, beginning of year	(484,073)	(328,769)
Dividends	(21,464)	(7,605)
Accumulated deficit, end of year	(572,720)	(484,073)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Operations:		
Cash provided by corporate operations (Note 10)	883	6,302
Proceeds on sale of Varity common shares		5,964
	883	12,266
Dividends paid	(15,964)	(7,605)
	(15,081)	4,661
Financing:		
Net increase (decrease) in short-term debt	(164,974)	159,348
Issue of long-term debt	300,000	
Repayment of long-term debt	(227,805)	(90,648)
Interest and financing expenses net of amortization of foreign exchange losses	(66,217)	(69,064)
Contributed surplus (Note 8)	75,000	
	(83,996)	(364)
Investing:		
Proceeds from sale of Cameco shares	83,870	
	83,870	
Increase (decrease) in cash	(15,207)	4,297
Cash, beginning of year	39,465	35,168
Cash, end of year	24,258	39,465

For purposes of this statement, cash and increase (decrease) in cash includes cash and short-term investments and excludes cash transactions relating to cash restricted as to use.

The accompanying notes are an integral part of these consolidated financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1992
(All dollar amounts are stated in thousands)

1. The corporation:

Canada Development Investment Corporation ("the corporation") was incorporated on May 26, 1982 under the provisions of the *Canada Business Corporations Act* and is wholly-owned by Her Majesty in Right of Canada. The corporation is subject to the *Financial Administration Act* and is an agent of Her Majesty.

2. Activities of the corporation:

In a statement dated October 30, 1984, the Minister of the Government of Canada ("Government") responsible for the corporation announced the intention of the Government to cause the corporation to dispose of its investments in Massey-Ferguson Limited now Varity Corporation ("Varity") and Massey-Combines Corporation ("Massey-Combines"), Canadair Limited ("Canadair"), The de Havilland Aircraft of Canada, Limited ("de Havilland") and Canada Eldor Inc. ("CEI") in an orderly fashion. Disposals of the corporation's investments in de Havilland and Canadair were completed in 1986. The remaining investment in Massey-Combines was written off in 1988. During 1988, the operating assets of CEI were transferred to Cameco Corporation ("Cameco") in exchange for notes and 38.5% investment in Cameco. In July, 1991 Cameco issued 10,400,000 common shares in an initial public offering. This caused CEI's investment in Cameco to be diluted down to 30.8%. In April, 1992 the Corporation sold 5,990,724 of its common shares in Cameco and in June, 1993 an additional 5,000,000 common shares were sold. This leaves CEI with 5,000,000 shares or a 9.6% interest in Cameco. The proceeds of the sale were utilized to reduce CEI's debt. The only significant continuing activities of CEI are the monitoring of its 9.6% interest in Cameco and continuing the servicing of its debt.

The Government provides authorities and guarantees for the borrowing of CEI of $700,000 of which $584,328 is being utilized at December 31, 1992. In December, 1992 the Government of Canada agreed to assume responsibility for payment of up to $105 million of CEI's short-term promissory notes to ensure that CEI would not exceed its statutory borrowing authority through to July 1, 1993. On January 1, 1993 CEI's current borrowing authority was reduced to $600,000. Effective January 1, 1994 CEI's borrowing authority will be reduced to $500,000 and effective January 1, 1995, CEI's borrowing authority will be further reduced to $400,000.

CEI's ability to pay its debts as they come due and its continued existence as a going concern will depend on its ability to obtain debt financing within the extent of its statutory borrowing limits, or future capital injections by the corporation or the Government. CEI's ability to generate future cash flows will depend primarily on future dividends received from and further dispositions of its investment in Cameco.

During 1988, the corporation acquired the following two subsidiaries from Atomic Energy of Canada Limited ("AECL"):

(a) Nordion International Inc. ("Nordion"); and

(b) Theratronics International Limited ("Theratronics").

In November 1991 the corporation sold Nordion (see Note 9(c)).

Pursuant to a directive received from the Government, the corporation acquired during 1989, a 51% interest in Ginn Publishing Canada Inc. ("Ginn Publishing") from Paramount Communications (Canada) Limited ("Paramount").

Pursuant to an agreement entered into in December, 1990 by the corporation, Varity, the Governments of Canada and Ontario, Varity agreed to pay the corporation $7,813 on November 1 in each of 1990 and 1993 and to maintain certain levels of employment in Canada through to May 1, 1993; the Governments agreed to terminate all prior agreements with Varity; and the corporation continues to have responsibility for monitoring Varity's compliance with the new employment requirements. The payment due on November 1, 1993 was discounted and paid to the corporation on March 30, 1993. These funds were then paid by way of a dividend to the Government of Canada. See Note 11(b).

During 1991, the corporation sold 450,000 common shares of Varity. It continues to hold 1,250,000 class II preferred shares of Varity.

The Board of Directors of the corporation is continuing to develop approaches to the divestiture of the corporation's remaining investments and to assist the Government of Canada in implementing its privatization policies.

3. Significant accounting policies:

(a) Basis of consolidation:

The financial statements of Cartierville Financial Corporation Inc. ("Cartierville Financial") and CEI, both wholly-owned subsidiaries, have been consolidated with those of the corporation.

(b) Investments in non-consolidated subsidiaries:

The corporation's investments in subsidiaries acquired with the intention that they be disposed of or privatized in the foreseeable future are considered to be temporary investments and are carried at the lower of cost and net realizable value. If no reliable estimate of net realizable value is available, the investment is carried at cost. The corporation's investment in Ginn is considered to be a temporary investment and is accounted for in accordance with this policy.

The corporation's investments in subsidiaries acquired with the intention that they be disposed of or privatized in the foreseeable future and for which the corporation will not benefit from the ultimate gains or losses on disposition are carried at the corporation's proportionate interest in the underlying net book value of the subsidiaries, offset by a liability reflecting the corporation's obligation to forward any proceeds of disposition to another entity. The corporation's investment in Theratronics is accounted for in accordance with this policy.

The financial statements of the non-consolidated subsidiaries are attached.

(c) Other investments:

The corporation's investment in Cameco, a company in which the corporation exercises significant influence, but not control, is accounted for using the equity method. Under this method, the net income (loss) recognized from the investment is the corporation's pro rata share of the investee's net income. Any dividends received will serve to reduce the carrying value of the investment.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

Any sale of common shares by Cameco from treasury to third parties dilutes the corporation's proportionate interest in Cameco. Accordingly, the corporation calculates an accounting gain or loss on such dilution as if it was a disposition by the corporation of a portion of its investment in Cameco.

Any shares of Cameco which the corporation has authorized CEI to sell in the foreseeable future are considered to be temporary investments and are carried at the lower of equity method carrying value and net realizable value.

The investment in Varity securities is carried at cost, less proceeds received on disposition.

(d) Amortization of deferred financing costs:

Debt discounts, premiums and issue expenses associated with long-term financing are deferred and amortized over the term of the debt.

4. Cash restricted as to use:

These funds are held in a special account in the Consolidated Revenue Fund of Canada on a non-interest basis to satisfy payment of contingent liabilities relating to the sale of the corporation's investment in Nordion (see Note 9(c)).

5. Investment in non-consolidated subsidiaries:

The corporation's investments in subsidiaries are as follows:

	December 31, 1992	1991
Ginn Publishing (a)	10,385	10,385
Theratronics (b)	7,582	13,281
	17,967	23,666

(a) Investment in Ginn Publishing:

Pursuant to a directive received from the Government, during 1989 the corporation acquired a 51% interest in Ginn Publishing from Paramount, as a consequence of the Government's "Baie Comeau" policy which required that a majority of the voting shares of Canadian publishing companies were to be held by Canadians upon any change in control of the publishing company. During 1992, the Government rescinded the Baie Comeau policy and implemented a revised foreign investment policy in book publishing and distribution.

(b) Theratronics:

The share purchase agreement between AECL and the corporation requires the corporation to pay to AECL the fair market value of the shares of Theratronics. The agreement also specifies that the fair market value will be estimated as at the date of transfer, but will subsequently be adjusted to an amount equal to the price ultimately received by the corporation in the subsequent privatization sale of Theratronics. Furthermore, the agreement specifies that the corporation is not required to make payment of the purchase price to AECL until 60 days after the privatization sale.

Accordingly, AECL will ultimately receive the full proceeds realized upon privatization of Theratronics, less the corporation's expenses associated with the privatization.

Thus, while the corporation has title to the shares of Theratronics and executive management control over its operations prior to its privatization, the corporation did not acquire the normal risks and benefits associated with share ownership. Accordingly, the corporation has recorded its investment in Theratronics at an amount equal to the net book value of Theratronics at December 31, 1992 and 1991, with an off-setting non-interest bearing note payable to AECL, and has not recognized any income or loss on this investment.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

6. Other investments:

	Carrying Value December 31, 1991	Equity in Income	Net Proceeds	Dividends	Provisions for Loss	Carrying Value December 31, 1992
Cameco	218,378	1,415	(98,400)	(5,000)	(8,996)	107,397
Varity	17,175					17,175
	235,553	1,415	(98,400)	(5,000)	(8,996)	124,572

Investment in Cameco:

In connection with the sale of CEI's assets to Cameco in 1988, CEI took back as part of its consideration 15,990,724 common shares in Cameco, representing a 38.5% ownership interest.

In July, 1991 Cameco issued 10,400,000 common shares in an initial public offering. This issuance caused the company's interest in Cameco to be diluted down to 30.8% from 38.5%. The company's proportionate share of the equity in Cameco was reduced by $39,000 as a result of the issue of the treasury shares.

In April, 1992 the company sold 5,990,724 of its common shares for gross proceeds of $87,465. Costs of the transaction were $3,595, resulting in net proceeds of $83,870 or $14.00 per share. The company's carrying cost per share exceeded these net proceeds per share; accordingly, the company incurred a loss of $46,953. This loss was reflected in the net loss for the year ended December 31, 1991.

In June, 1993 the company sold 5,000,000 of its common shares for gross proceeds of $102,500 or $20.50 per share. Costs of the transaction were $4,100 resulting in net proceeds of $98,400 or $19.68 per share which was received on June 7, 1993. The company's carrying cost per share exceeded these net proceeds per share; accordingly, the company incurred a loss of $8,996. This loss is reflected in the net loss for the year ended December 31, 1992.

As a result of these transactions, the company now owns 5,000,000 shares representing 9.6% of the common shares of Cameco. Subsequent to the sale of 5,000,000 shares in June, 1993, the company no longer possesses the ability to exercise significant influence over Cameco; accordingly, the company's remaining investment of Cameco will be accounted for on a cost basis.

The following is a summary of Cameco's financial position and results of operations:

	1992	1991
Financial Position:		
Current assets	264,731	229,571
Current liabilities	(38,779)	(48,623)
Working capital	225,952	180,948
Non-current assets	1,111,752	1,144,425
Capital employed	1,337,704	1,325,373
Long-term debt and other liabilities	(221,198)	(191,601)
Shareholders' equity	1,116,506	1,133,772
Results of Operations:		
Revenues	304,904	284,363
Expenses	(225,374)	(222,123)
Interest	(9,046)	(2,687)
Earnings from operations	70,484	59,553
Other expense	59,462	9,025
Earnings before income taxes and minority interest	11,022	50,528
Income taxes	2,788	2,635
Minority interest	264	
Net earnings	7,970	47,893

The Governments of Canada and Saskatchewan intend to dispose of their remaining shares over the next three years. The ultimate recovery of the carrying value of the shares will depend on the outcome of the future disposition of these shares.

7. Long-term debt:

	As at December 31, 1992	1991
Loan due 1992, at 6.5% (100,000 Swiss francs)		53,269
Notes due 1992, at 14.5% ($100,000 U.S.)		119,000
Bonds due 1992, at 5.25% (6,000,000 Japanese yen)		55,536
Notes due 1993, at 11.75%	250,000	250,000
Notes due 1994, at 5.75%	50,000	
Notes due 1995, at 8%	100,000	
Notes due 1995, at 6.25%	150,000	
Sub-total	550,000	477,805
Less:		
Current portion of long-term debt listed above	250,000	226,207
Deferred losses on foreign exchange		1,598
Total	300,000	250,000

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

Long-term debt payments due in each of the next three calendar years, are: 1993—$250,000; 1994—$50,000; 1995—$250,000.

Financial expense is composed of the following:

	Year ended December 31, 1992	1991
Interest and other income	(888)	(161)
Interest expense		
Long-term debt	58,205	64,912
Other	6,972	10,118
Amortization of deferred foreign exchange losses	1,598	7,005
Other finance charges	1,688	3,296
	67,575	85,170

8. Contributed Surplus:

On December 21, 1992 the Government of Canada contributed capital of $75,000 by assuming responsibility for payment of certain of CEI's short-term promissory notes. The Government of Canada has agreed to assume responsibility for payment of up to an additional $30,000 of short-term promissory notes on March 30, 1993.

9. Contingencies:

(a) On December 23, 1986, the corporation sold its investment in Canadair Limited to Bombardier-Canadair Inc. The corporation and the Government have agreed to indemnify Bombardier-Canadair Inc. and Canadair Limited for specified product related claims for fifteen years from December 23, 1986 for which insurance coverage is unavailable or economically impracticable to obtain. Reasonable estimates of the effects, if any, of such indemnities cannot be made at this time. Such amounts will be recognized in future years, as appropriate, when reasonable estimates can be made as to the likely amount, if any, which will ultimately be paid pursuant to the indemnities.

A provision of $5,500 relating to certain other Canadair indemnities which expired in 1991 was reversed in 1992 and the related funds held in the Consolidated Revenue Fund were paid by way of a dividend to the Government.

(b) Under the terms of the agreement between CEI and Cameco, CEI and Cameco agreed on a formula for sharing any future joint costs, excluding normal operating costs, related to certain specified existing wastes accumulated by CEI to October 5, 1988, the date of transfer of CEI's operations and assets to Cameco. Cameco assumed liability for the first $2,000 of joint costs. The next $98,000 in joint costs will be shared 23/98ths by Cameco, 75/98ths by CEI. CEI assumed liability for joint costs in excess of $100,000.

No amounts have been accrued in these financial statements as the potential liability to CEI is not subject to reasonable estimation at this time.

(c) Nordion:

In November, 1991 the corporation sold its investment in Nordion for proceeds of $165,000. The proceeds, net of the corporation's expenses associated with the privatization and an amount of $25,000 held back and deposited in the Consolidated Revenue Fund on a non-interest bearing basis to satisfy indemnity claims relating to the sale, was paid to AECL.

As part of the purchase and sale agreement, the corporation indemnified the purchaser for general and specific representations contained in the agreement of purchase and sale to the maximum of $25,000. The general indemnity is subject to a deductible of $1,000 and an aggregate limit of $10,000 and expires two years after the date of the sale.

The conditions of the special indemnity were met in February, 1992 and $15,000 of the amount held back has been withdrawn from the CRF and paid to AECL. Any balance remaining of the $10,000 withheld to cover the general indemnity, net of claims, will be paid to AECL on expiry of the indemnity period and settlement of any outstanding claims.

(d) The corporation is the defendant in certain litigation. While the amount of any ultimate liability cannot yet be determined, the corporation, after discussion with legal counsel, is of the opinion that there will be no material adverse effect on its financial position.

10. Cash provided by corporate operations:

	1992	1991
Corporate income, net	2,473	3,984
Decrease (increase) in accounts receivable	(144)	614
Increase (decrease) in accrued liabilities	(1,486)	1,641
Net decrease in corporate fixed assets	40	63
Cash provided by corporate operations	883	6,302

11. Subsequent events:

(a) On March 19, 1993, Canada Hibernia Holding Corporation ("CHHC") acquired for no cost from Gulf Canada Resources Limited an 8.5% interest in the Hibernia Development Project and an 8.5% equity interest in the Hibernia Management and Development Company Ltd. CHHC is a wholly-owned subsidiary of the corporation whose sole purpose is the holding, management funding and ultimately, disposal of the 8.5% interest in Hibernia. Pursuant to a Memorandum of Understanding signed June 8, 1993 between the Government of Canada, the corporation and CHHC, the Government will seek approval of Parliament to appropriate the funds necessary for CHHC to honour its obligations to fund the project costs of Hibernia.

(b) Pursuant to an agreement entered into on December 17, 1990 by the corporation, the Governments of Canada and Ontario and Varity, on March 30, 1993, Varity paid the corporation an amount of $7,676 which represents the payment of $7,813 due on November 1, 1993 discounted at a rate of 3%. On March 31, 1993, the corporation paid these funds to the Government of Canada by way of a dividend.

APPENDIX

THERATRONICS INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Theratronics International Limited as at December 31, 1992 and the statements of earnings, retained earnings (deficit) and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, the transactions of the Company that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the charter and by-laws of the Company and any directives given to the Company.

Peat Marwick Thorne
Chartered Accountants

Ottawa, Canada
March 11, 1993

except as to Note 7 which is as of April 16, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

ASSETS	1992	1991
Current assets		
Cash	2,341	3,358
Accounts receivable	5,228	8,000
Inventories (Note 2)	12,905	9,241
Prepaid expenses	273	203
	20,747	20,802
Capital assets (Note 3)	2,160	2,627
In reactor cobalt inventory	1,279	1,899
Note receivable	60	60
Long-term investments (Note 4)		1,871
	24,246	27,259

LIABILITIES AND SHAREHOLDER'S EQUITY	1992	1991
Current liabilities		
Accounts payable and accrued liabilities	11,277	8,512
Deferred revenue	3,591	2,941
	14,868	11,453
Long-term liabilities (Note 5)	1,796	2,525
SHAREHOLDER'S EQUITY		
Share capital (Note 6)	9,588	9,588
Retained earnings (deficit)	(2,006)	3,693
	7,582	13,281
Commitments (Note 11)		
Subsequent event (note 7)		
	24,246	27,259

See accompanying notes to financial statements.

On behalf of the Board:

WARD C. PITFIELD
Director

H.M.F. WARLAND
Director

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Sales	39,925	48,542
Cost of goods sold	28,648	34,741
	11,277	13,801
Operating expenses:		
Marketing	4,022	4,069
Administration	3,952	4,815
Research and development	2,871	2,397
Product support	798	345
	11,643	11,626
Operating income (loss)	(366)	2,175
Write-off of long-term investments	1,871	
Equity in loss of associated company		184
Regulatory related and other costs (Note 7)	3,462	738
	5,333	922
Net earnings (loss) (Note 8)	(5,699)	1,253

See accompanying notes to financial statements.

STATEMENT OF RETAINED EARNINGS (DEFICIT)
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Retained earnings, beginning of year	3,693	2,440
Net earnings (loss)	(5,699)	1,253
Retained earnings (deficit), end of year	(2,006)	3,693

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Cash provided by (used in):		
Operations:		
Net earnings (loss)	(5,699)	1,253
Depreciation	778	705
Equity loss of associated company		184
Loss on disposal of equipment		110
In-reactor cobalt 60 decay		223
	(4,921)	2,475
Increase in operating working capital (Note 9)	2,344	2,545
	(2,577)	5,020
Investments:		
Repayments of notes receivable		476
Acquisition of equipment	(311)	(1,212)
Write-off of investments	1,871	
Disposal of land		235
Advances to Meicor, Inc.		(465)
	1,560	(966)
Financing:		
Decrease in demand loan		(1,000)
Increase (decrease) in cash	(1,017)	3,054
Cash, beginning of year	3,358	1,573
Consolidated MHTI cash not reflected in current year equity accounting		(1,269)
Cash, end of year	2,341	3,358

See accompanying notes to financial statements.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992
(All dollar amounts are stated in thousands)

Theratronics International Limited ("Theratronics") is incorporated under the *Canada Business Corporations Act* and is subject to the *Financial Administration Act*. The primary business of Theratronics is the manufacture, sales and service of radiotherapy and related equipment and services to hospitals and medical institutions around the world. The Minister of State for Privatization has announced the government's intention to sell the Company to the private sector. No assessment of the potential impact of privatization has been made or reflected in the consolidated financial statements.

1. Significant accounting policies

(a) Capital assets:

Capital assets are initially recorded at cost and depreciated on a straight-line basis over the estimated useful life of the underlying assets, as follows:

Asset	Basis
Site service	5 to 15 years
Buildings	20 years
Leasehold improvements	3 years
Machinery and equipment	3 to 10 years

(b) Inventories:

Work-in-process and finished goods inventories are valued at the lower of cost and estimated net realizable value. Raw material, service inventory, and accelerator product parts are valued at the lower of cost and replacement cost. Cost is determined on a first-in first-out basis and includes material, labour and manufacturing overhead where applicable.

The Company records payments for irradiation services required under certain contractual circumstances, as cobalt inventory.

(c) Pension plan:

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Company's contributions to the plan are limited to matching the employees' contributions on account of current service. These payments are charged to income on a current basis and represent the total pension obligations of the Company.

(d) Employee termination benefits:

Employees are entitled to specific termination benefits defined under collective agreements and conditions of employment. The liability represents the vested portion.

(e) Warranty provision:

A provision is recorded for estimated warranty costs at the time of product sale.

(f) Revenue recognition:

Revenue from the sale of radiotherapy units and related equipment is recognized upon shipment. Revenue from field services is recognized at the time services are rendered. Revenue from service contracts is recognized on a straight-line basis over the term of the contract.

(g) Investments:

Investments are accounted for using the cost method.

2. Inventories:

	1992	1991
Service inventory	2,930	2,708
Cobalt-60	2,046	951
Manufacturing:		
Finished goods	2,729	1,521
Raw materials	1,782	1,899
Work-in-process	3,418	2,162
	12,905	9,241

3. Capital assets:

	Cost	Accumulated depreciation	Net book value 1992	Net book value 1991
Land	69		69	69
Site service	530	327	203	206
Buildings	3,474	3,146	328	357
Machinery and equipment	6,890	5,341	1,549	1,979
Leasehold improvements	19	8	11	16
	10,982	8,822	2,160	2,627

4. Long-term investments:

(i) MHTI:

In 1991, a portion of the Company's interest in MHTI was redeemed for nominal consideration, reducing the Company's holdings to 48% of the outstanding common shares of MHTI. The majority shareholders of MHTI now control MHTI's operating, investing and financing decisions and as a result, the Company no longer exercises control or significant influence over MHTI. Consequently, the Company has ceased to consolidate MHTI. The investment in MHTI is recorded in the Company's financial statements at one dollar.

(ii) Meicor, Inc.:

As of December 31, 1992, no additional equity financing from an outside investor has occurred and Meicor has ceased further development. As such, the Company has written off its investment in Meicor, Inc.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Continued*

APPENDIX—*Continued*

THERATRONICS INTERNATIONAL LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

5. Long-term liabilities:

	1992	1991
Accrued parts replacement	610	
Employee termination benefit	1,186	2,525
	1,796	2,525

6. Share capital:

The authorized share capital of the Company consists of an unlimited number of no par valued common shares with issued and outstanding shares totalling 10,000.

7. Regulatory related and other costs:

An import alert by the United States Food and Drug Administration ("FDA") was issued against the Company in July 1991. The import alert specifically restricted the Company from shipping products built in its Kanata facility into the United States pending an FDA "good manufacturing practices review" ("GMP"). As of April 16, 1993, the Company is now fully compliant with GMP requirements for the manufacture of Models T1000 and T780c Cobalt-60 Radiation Therapy Systems which allows these company products to be sold in the United States. Company resources are now focused on completing the software revalidation effort for the balance of its products.

Costs of $3,462 were spent and provided in 1992 (1991—$738) in preparation for the inspection in February 1993 and other related activities. At December 31, 1992, $965 (1991—$Nil) is included in accounts payable and accrued liabilities and $610 is included in long-term liabilities as reflected in Note 5.

8. Income taxes:

As a wholly-owned subsidiary of a Federal Crown Corporation, the Company is not subject to provincial income taxes.

The Company's expected income tax rate is the net Federal statutory rate (including surtax) of 28.84% less the applicable manufacturing and processing deduction of 5.0%. Since the Company has a loss for the current year, the effective rate is zero. The 1991 effective tax rate was zero due to the utilization permanent differences.

The Company has income tax losses of $3,077 (1991—$Nil) available to reduce taxes payable up to 1999. In addition, the Company has property for which deductions available in future years exceed recorded net book values by $12,661 (1991—$9,461). Of this amount, $5,407 (1991—$5,864) are permanent differences related to the assets of the Company at the date it became subject to income taxes. No benefits with respect to any of the above items has been recognized in the financial statements.

9. Operating working capital:

The changes in operating working capital is comprised of:

	1992	1991
Accounts receivable	2,772	4,051
Inventories	(3,044)	429
Prepaid expenses	(70)	279
Accounts payable and accrued liabilities	2,765	(2,624)
Deferred revenue	650	116
Long-term liabilities	(729)	294
	2,344	2,545

10. Related party transactions:

(a) Theratronics International Limited was incorporated initially as a wholly-owned subsidiary of Atomic Energy of Canada ("AECL"). Assets and liabilities were transferred from AECL to the Company in exchange for 10,000 common shares. Since the transaction occurred between companies under common control, a value of $9,588 was assigned to capital stock for accounting purposes representing the net book value of the assets and liabilities transferred. The effective date of these transactions was July 1, 1988. As of September 30, 1988, all of the outstanding common shares were sold to Canada Development Investment Corporation ("CDIC").

(b) AECL provides the Company with cobalt sources. Total purchases of goods in the year were $1,888 (1991—$571). At December 31, 1992, $556 of these purchases were included in accounts payable (1991—$275).

(c) The Company holds 48% of the outstanding common shares and 100% of the preferred shares of Medical High Technology Inc. ("MHTI") located in Clearwater, Florida.

Total purchases from MHTI in 1992 were $2,671 (1991—$2,473). At December 31, 1992, $31 of these purchases were included in accounts payable.

11. Commitments:

(a) Minimum lease payments in accordance with lease commitments are as follows:

1993	732
1994	198
1995	9
	939

(b) The Company has a commitment, estimated at approximately $20,700 to purchase cobalt 60 from AECL produced at its Chalk River nuclear laboratory to the year 2008.

(c) The Company has a commitment of approximately $1,600 to purchase CT-SIM units from MHTI during 1993.

CANADA DEVELOPMENT INVESTMENT CORPORATION—*Concluded*

APPENDIX—*Concluded*

THERATRONICS INTERNATIONAL LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Concluded*

12. Sales agents' remuneration:

During the year ended December 31, 1992 the Company paid sales commissions totalling $1,458 to the following agents: Medtel Pty. Limited, Australia; Equipo Para Hospitales SA, Mexico; Kamol Sukosol Electric Co. Ltd., Thailand; Radiotherapy Medical Systems PTY Ltd., Australia; General Marketing and Manufacturing Co. Ltd., India; General Machinery Co. Ltda., Chile; Bureautique Communications Organization Ltd., Channel Islands; Aristons (PVT) Ltd., Sri Lanka; General Medica de Colombia Ltd., Colombia, Meditel Medikal Elektronik Ltd., Turkey; Baron Technologies Inc., Korea; Philips Medizin Systeme GMBH, West Germany; M.L. Sethi, India; Technica, Cyprus; HEK Medical Systems, West Germany; Yutech Biomedical Systems Co. Ltd., Taiwan; Birla Medical Technologies, India, Meditron S.A. De C.V., El Salvador; LHS Communications Ltd., Jamaica; Mediquip, Pakistan; Dyna Motors Ltd., Maurtius; Tareq Company, Kuwait; Galax Inc., Canada; Costa Rica Dental and Medical, Costa Rica; J. Gasso C. Por A., Dominican Republic; Nairobi X-Ray Supplies Ltd., Kenya; Arab Trading and Engineering, Syria; Medtechnica Ltd., Israel; Cometec Materiel Medical, Congo; Hamco Commercial SRL, Peru; Radcons PVT Limited, Australia; Technica, Cyprus; Technologia Em Radiocao LTDA, Brazil.

CANADA HARBOUR PLACE CORPORATION

AUDITOR'S REPORT

TO THE SHAREHOLDER

I have audited the balance sheet of Canada Harbour Place Corporation as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, and the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1993

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992	LIABILITIES AND EQUITY OF CANADA	1993	1992
Cash and short-term investments	884	646	Accounts payable	299	320
Accounts receivable	344	359	Equity of Canada	61,986	63,671
Capital assets (Note 3)	61,057	62,986			
	62,285	63,991		62,285	63,991

Lease Commitment (Note 6).

Approved by the Board:

LYALL D. KNOTT
Chairman of the Board

FREYDIS WELLAND
Director

CANADA HARBOUR PLACE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenues:		
Operating/utilities recoveries (Note 4)	3,779	3,596
Lease revenues		
Parking	1,336	1,371
Theatre	328	331
Food—Retail	104	120
Restaurant	44	26
Tenant administration fee	165	159
Marketing	48	42
Interest	28	24
Miscellaneous		5
	5,832	5,674
Expenses:		
Operations:		
Utilities	1,571	1,434
Common facilities	1,176	1,167
Central plant	381	422
Tenants work requests	329	346
Shared areas	280	295
Insurance	130	133
	3,867	3,797
Administration, public relations and other (Note 5)	1,645	1,447
	5,512	5,244
Income before amortization	320	430
Amortization	2,005	2,001
Net cost of operations	1,685	1,571

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Capital stock (Note 1)		
Contributed capital		
Balance at beginning of year	63,671	65,242
Net cost of operations	1,685	1,571
Balance at end of year	61,986	63,671

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Cash provided by (used for) operations		
Net cost of operations	(1,685)	(1,571)
Item not requiring cash		
Amortization	2,005	2,001
Changes in non-cash components of working capital	(6)	321
	314	751
Cash used for investing activities		
Additions to capital assets	(76)	(134)
Increase in cash during the year	238	617
Cash and short-term investments		
Beginning of year	646	29
End of year	884	646

CANADA HARBOUR PLACE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and Objectives

Canada Harbour Place Corporation was incorporated in 1982 under the *Canada Business Corporations Act*. The Corporation was an agent Crown Corporation and was included in Part I of Schedule III to the *Financial Administration Act* prior to March 17, 1993. On that date pursuant to Section 47 of the Crown Corporations Dissolution or *Transfer Authorization Act* that was assented to on November 28, 1991, all three issued common shares of the Corporation held by the Minister of Transport, were sold to the Vancouver Port Corporation. The Corporation continues to be an agent of Her Majesty The Queen in right of Canada while it is a wholly owned subsidiary of the Vancouver Port Corporation.

The terms and conditions of the Order in Council accomplishing the share transfer, envisions Canada Place continuing to be a centre or permanent federal presence, a hub of community activity and a focal point of tourist promotion and national pride. The Corporation is to remain financially self-sufficient and manage real property at Canada Place in Vancouver. For this purpose, it manages Canada Place which includes the Vancouver Trade and Convention Centre, a cruise ship terminal, a parking garage, a theatre and restaurant, infrastructure of a hotel, and various commercial and public facilities.

In accordance with a memorandum of agreement dated August 23, 1985 between the Government of Canada and the Province of British Colombia, the Corporation entered into a lease with the British Columbia Pavilion Corporation to operate the Trade and Convention Centre at Canada Place including the prefunction areas, meeting rooms and banquet facilities for a term of 20 years effective July 1, 1987 with renewal options for three successive similar terms.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Capital Assets and Amortization

All expenditures, including those for acquisition, design, construction and administration for the permanent structures at Canada Place, were capitalized at the time the facility was fully developed.

Amortization is calculated on a straight-line basis based on the estimated useful lives of the assets. The building is amortized over 40 years, while furniture, fixtures and equipment are amortized over 20 years.

Income Taxes

The Corporation is exempt from any income taxes.

Retirement Savings Plan

Under a group retirement savings plan, a trust was established with a private sector organization to accumulate contributions to provide a retirement income for long term employees through individually registered retirement savings plans. The Corporation has agreed to make non contributory payments, which are recognized annually, ranging from 5% to 10% of the annual salary for each of these employees.

Operations Revenues and Expenses

Operations revenues and expenses relate to the management of Canada Place including the leasing of these facilities to various tenants. Central Plant and Utilities include electricity, natural gas, oil, labour and supplies used to supply power, water, air conditioning and heat for the facility. Common Facilities and Shared Areas include labour, security, engineering and material used to provide the tenants with services as outlined in the various leases and agreements.

3. Capital Assets

	1993			1992
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Building	65,671	9,846	55,825	57,466
Furniture, fixtures and equipment	7,270	2,038	5,232	5,520
	72,941	11,884	61,057	62,986

Title to that part of the bed of Vancouver harbour on which the facility is located was transferred to the Corporation from Vancouver Port Corporation for one dollar and has been so recorded in site purchase costs.

4. Operating/Utilities Recoveries

Operating cost recoveries include amounts recovered from the Corporation's tenants for operating expenses, central plant and utilities. During the year these costs exceeded the associated recoveries by $88,000 (1992—$201,000). This is caused by the Corporation incurring expenses in areas for which it is solely responsible, and cannot charge to its tenants, under the various leases and agreements.

5. Administration, Public Relations and Other Expenses

	1993	1992
	(in thousands of dollars)	
Advertising and promotion	746	607
Salaries	333	314
Imax projection system lease	202	201
Legal and professional	107	63
Office heat, light, maintenance	78	65
Promenade shops	61	88
Travel	50	43
Communications	37	29
Repair and maintenance	20	23
Miscellaneous	11	14
	1,645	1,447

6. Lease Commitment

The Corporation has entered into a 20 year lease agreement in effect from 1987 for the Imax projection system with a minimum total payment of $3 million. The annual payment for the years remaining in the lease will be $202,000.

CANADA HARBOUR PLACE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

7. Related Party Transactions

Canada Harbour Place Corporation, a federal Crown Agent, is a wholly owned subsidiary of the Vancouver Port Corporation, also a federal Crown Agent. The Corporation involves itself in transactions with the Vancouver Port Corporation and the federal crown in the normal course of business.

CANADA LANDS COMPANY LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company Limited for the year ended March 31, 1993. This financial statement is the responsibility of the corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this balance sheet presents fairly, in all material respects, the financial position of the corporation as at March 31, 1993 in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statement have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporation Act* and the articles and by-laws of the corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 8, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992	SHAREHOLDER'S EQUITY	1993	1992
	$	$		$	$
Investments (Notes 2(a), 2(b) and 5)			Capital stock (Note 2(c))		

Approved by the Board:

R.A. QUAIL
President

CANADA LANDS COMPANY LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENT
MARCH 31, 1993

1. Authority and activities

The Canada Lands Company Limited, an agent Crown corporation, originally named Public Works Lands Company Limited, was incorporated under the *Companies Act* in 1956 and was continued under the *Canadian Business Corporations Act*. It was added to Schedule C to the *Financial Administration Act* in 1979 and listed as a parent Crown corporation in 1984 in Part I of Schedule III to the *Financial Administration Act*.

The corporation has, by virtue of its letters patent of incorporation, the power to acquire, purchase, lease, hold, improve, manage, exchange, sell, turn to account or otherwise deal in or dispose of real or personal property or any interest therein. However, it has been used only to hold, in trust for Federal government departments, certain leasehold interests in two properties in London, England, and two properties on Indian reserves in Canada. Funding for these leases is borne by the departments.

2. Significant accounting policies

(a) Investments in subsidiaries

The corporation wholly owns the following three subsidiary corporations:

Canada Lands Company (Vieux-Port de Québec) Inc.
Canada Museums Construction Corporation Inc.
Old Port of Montreal Corporation Inc.

The shares have been acquired in consideration of services rendered.

(b) Exclusion of subsidiaries from consolidation

The financial statements of the subsidiaries are excluded from consolidation because the corporation does not have the right and ability to obtain future economic benefits from the resources of the subsidiaries and is not exposed to the related risks.

(c) Capital stock

The corporation is authorized to issue three shares which shall not be transferred to any person other than a person approved by the Minister of Public Works. The authorized shares have been issued in consideration of services rendered and are held in trust for Her Majesty in right of Canada by the Minister of Public Works.

(d) Services without charge

The corporation does not record the value of services it receives from the Department of Public Works, which include executive and administrative functions as are required for its operations.

3. Financial statement presentation

The corporation has not been involved in any financial transactions. As a result, the balance sheet has nil balances and no other financial statement is presented.

4. Related party transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

5. Information on a wholly-owned subsidiary

Canada Lands Company (Vieux-Port de Québec) Inc. ceased operations effective March 31, 1988. However, a decision has yet to be taken with respect to the formal dissolution of the corporation pending the resolution of certain legal matters. The Department of Justice has stated that the resolution of these legal matters may take several years.

CANADA LANDS COMPANY LIMITED—*Continued*

APPENDIX

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Lands Company (Vieux-Port de Québec) inc. as at March 31, 1993. This financial statement is the responsibility of the corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this balance sheet presents fairly, in all material respects, the financial position of the corporation as at March 31, 1993 in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the balance sheet have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Cash	8,815	8,815
Accounts receivable (Note 2)	484,865	484,865
	493,680	493,680

LIABILITIES	1993	1992
	$	$
Account payable	1,750	1,750
Due to Minister of Public Works (Note 3)	7,985	7,985
Due to Receiver General for Canada	280,535	280,535
	290,270	290,270
SHAREHOLDER'S EQUITY		
Capital stock (Note 4)		
Contributed surplus	178,250	178,250
Retained earnings	25,160	25,160
	493,680	493,680

Approved by the Board:

DOUGLAS MALONEY
Director

CANADA LANDS COMPANY LIMITED—*Concluded*

APPENDIX—*Concluded*

CANADA LANDS COMPANY (VIEUX-PORT DE QUÉBEC) INC.—*Concluded*

NOTES TO THE BALANCE SHEET
AS AT MARCH 31, 1993

1. Authority and activities

Canada Lands Company (Vieux-Port de Québec) inc. was incorporated on April 9, 1981 under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the *Financial Administration Act.*

Effective August 1, 1981, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation has been responsible for the implementation of a general development plan for the lands of the Vieux-Port de Québec under its jurisdiction and for administering, managing, promoting and operating such lands and their developments. The Corporation fulfilled this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

On May 26, 1988, by order of the Governor General in Council, the Minister of Public Works was authorized to terminate the said agreement. Since April 1st, 1988, the management of the Corporation's affairs has been assumed by the Department of Public Works.

From February 9, 1984 to February 27, 1986, the Corporation was responsible for its own account for the management, charge and direction of a parcel of land together with the improvements thereon which had been transferred to it, subject to certain limiting conditions, by order of the Governor General in Council on February 9, 1984. This property was retroceded on February 27, 1986.

2. Accounts receivable

The accounts receivable include the following amounts:

	$
Public services organization	466,430
Other	18,435
	484,865

The amount receivable from the public services organization is for specific work carried out by the Corporation during the year 1982-83. The related cost is recoverable upon the signing of a protocol by the Corporation, the Canada Ports Corporation and the organization. The protocol, not yet signed, provides for the transfer of certain privileges from the Corporation and the Canada Ports Corporation. The work is completed for all practical purposes. The Corporation has not yet decided to transfer the privileges requested by the organization. It is possible that the Corporation may not recover the related cost.

3. Due to Minister of Public Works

	1993	1992
	$	$
Balance at beginning of the year	7,985	27,098
Collection made by Public Works of an account receivable by the Corporation		(19,113)
Balance at end of the year	7,985	7,985

4. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada and which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

5. Contingencies

The Corporation and the corporation Québec 1534-1984 signed a protocol of general understanding determining the rights and obligations of each party for the staging in 1984 of a festive event and for the use of the site and of the equipment under the jurisdiction of the Corporation. Under the terms of the agreement, the Corporation had not granted the right to use the totality of the site, reserving for itself some premises that it might rent for commercial purposes. Leases were signed but, because of poor attendance, several were modified, cancelled or abandoned. The Corporation has received claims arising from these leases and from other activities. These claims totalled approximately $1.2 million as at March 31, 1993 (approximately $1.4 million as at March 31, 1992). The Department of Public Works assumes the settlement of these claims.

CANADA MORTGAGE AND HOUSING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CMHC management is responsible for establishing and maintaining a system of books, records, internal controls and management practices to provide reasonable assurance that: reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements for the year ended December 31, 1992 were prepared in accordance with the accounting policies, consistently applied, as described in the notes to the financial statements. The financial statements of the Corporate Account, Minister's Account, the Mortgage Insurance Fund, and other insurance and guarantee funds have been presented separately. The financial information contained elsewhere in this report is consistent with that in the financial statements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee, which includes a majority of members who are not officers of the Corporation. The Committee meets from time to time with management, internal audit staff, and independent external auditors to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditors and has submitted its report to the Board of Directors which has approved the financial statements.

The financial statements have been examined by the joint external auditors, Robert D. Hepburn, CA, of the firm Deloitte & Touche, and L. Denis Desautels, FCA, Auditor General of Canada. Their reports offer an independent opinion on the financial statements to the Minister Responsible for Canada Mortgage and Housing Corporation.

E.A. Flichel
President and Chief Executive Officer

Karen Kinsley
Vice-President, Finance

FINANCIAL STATEMENTS DECEMBER 31, 1992

CMHC was incorporated as a Crown Corporation by an Act of Parliament on January 1, 1946. Its activities are regulated by the *National Housing Act*, the *Canada Mortgage and Housing Corporation Act* and, in certain respects, the *Financial Administration Act*. Its activities, as reported, include:

Corporate Account

Financing housing and community improvement through the making of loans and investments under specific conditions at interest rates normally at market rates, which are generally higher than the rates it pays on funds borrowed from the Government of Canada. Loans and Investments exist in all three planning elements: Market Housing, Social Housing and Housing Support, with the major emphasis (approximately 75%) on Social Housing projects.

Minister's Account

Making certain payments or incurring expenses in the process of delivering housing programs on behalf of the Government of Canada. These payments and expenses include grants, contributions, subsidies, loan forgiveness, losses on real estate, losses under federal-provincial agreements, interest rate losses, research and development, and specified operating costs. The funding for these activities is provided for in Main and Supplementary Estimates, tabled in Parliament. Parliamentary approval is by way of the *Appropriations Act* together with Statutory Authorities that authorize the responsible Minister to reimburse the Corporation for the specified payments and expenses for the fiscal year concerned. Grants, contributions and subsidies are delivered within the three planning elements, with approximately 95% of the total activity relating to Social Housing initiatives.

Funds Administered

Administering certain Insurance and Guarantee funds on behalf of the Government of Canada. The Mortgage Insurance Fund is the chief instrument for establishing a framework of confidence for mortgage lending by private institutions. This instrument facilitates an adequate supply of mortgage funds by reducing the risk to lenders and encouraging the secondary market trading of mortgages, and thereby increasing access to housing by Canadians. The Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund support Market Housing Initiatives.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the balance sheet of Canada Mortgage and Housing Corporation, Corporate Account as at December 31, 1992 and the statements of operations and reserve fund and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Mortgage and Housing Corporation Act*, the *National Housing Act* and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 26, 1993

CORPORATE ACCOUNT

BALANCE SHEET DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991 (Restated)
Loans and investments (Note 2)	8,482,840	8,689,561
Deferred recoveries from the Minister	156,901	74,514
Accounts receivable	2,984	4,801
Due from the Minister (Note 3)	26,637	15,871
Due from the Funds Administered		471
Deferred income taxes	11,053	8,794
Assets under capital lease (Note 4)	34,810	36,872
Business premises and equipment (Note 5)	23,495	20,096
Other assets	2,717	4,300
	8,741,437	8,855,280

LIABILITIES	1992	1991 (Restated)
Borrowings from the Government of Canada (Note 6)	8,486,001	8,618,996
Obligation under capital lease (Note 7)	37,180	38,038
Cheques issued in excess of funds on deposit	94,636	79,459
Accounts payable and accrued liabilities	56,865	61,692
Due to the Receiver General for Canada	14,342	14,000
Due to Funds Administered	2,413	
	8,691,437	8,812,185
CAPITAL AND RESERVE FUND		
Capital		
Authorized and fully paid by the Government of Canada	25,000	25,000
Reserve Fund (Note 8)	25,000	18,095
	8,741,437	8,855,280

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

STATEMENT OF OPERATIONS AND RESERVE FUND
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991 (Restated)
Interest earned	734,114	769,079
Interest expense	689,409	715,381
Margin on financing operations	44,705	53,698
Real estate sales	4,162	6,822
Cost of real estate sold	7,210	3,581
Gain (loss) on real estate sales	(3,048)	3,241
Other income	1,942	5,220
Income before operating expenses	43,599	62,159
Operating expenses (Note 9)	24,261	32,814
Income before taxes	19,338	29,345
Taxes (Note 10)	7,563	11,880
Net income	11,775	17,465
Reserve Fund, beginning of year (as previously stated)	25,000	25,000
Prior period adjustment (Note 11)	6,905	6,125
Reserve Fund, beginning of year, restated	18,095	18,875
	29,870	36,340
Due to the Receiver General for Canada	4,870	18,245
Reserve Fund, end of year	25,000	18,095

See accompanying notes.

CORPORATE ACCOUNT

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991 (Restated)
Operating Activities		
Net income	11,775	17,465
Add (deduct):		
Net change in accrued interest	7,128	(111,853)
Amortization	4,611	4,916
Deferred income taxes	(2,259)	(4,119)
	21,255	(93,591)
Changes in:		
Due to/from:		
the Receiver General for Canada	(4,528)	(41,631)
Funds Administered	2,884	(3,276)
the Minister	(10,766)	19,445
Accounts receivable	1,817	2,356
Accounts payable and accrued liabilities	(4,827)	(15,977)
Other assets	1,583	445
	7,418	(132,229)
Investment Activities		
Loans and investments:		
Repayments	411,767	596,461
Additions	(220,637)	(234,449)
Increase in deferred recoveries from the Minister	(82,387)	(74,514)
Additions to business premises and equipment	(5,948)	(3,554)
	102,795	283,944
Financing Activities		
Government of Canada borrowings:		
Borrowings	306,514	283,510
Repayments	(431,046)	(360,293)
Change in obligation under capital lease	(858)	(765)
	(125,390)	(77,548)
Increase (decrease) in cash position	(15,177)	74,167
Cheques issued in excess of Funds on deposit:		
Beginning of year	(79,459)	(153,626)
End of year	(94,636)	(79,459)

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of Presentation

Financial statements for the Corporate Account are presented separately from the Minister's Account and the Funds Administered.

The Corporate Account is prepared in accordance with generally accepted accounting principles.

(b) Loans

Loans under certain programs give rise to interest rate losses that are recoverable from the Minister.

If loans contain forgiveness clauses, such forgiveness is recorded and recovered from the Minister when the loans are advanced.

No provisions are made for possible losses on loans. Losses on insured loans are recoverable from the Mortgage Insurance Fund. Property acquired upon default of uninsured loans is subject to loss recovery as described under Real Estate. Other losses on uninsured loans are recoverable from the Minister.

(c) Federal-Provincial Agreements

Loans and investments are made under various cost-sharing agreements with the provinces and territories to encourage development of rental housing, land assembly, cooperative housing, rural and native housing, and housing rehabilitation.

Only the Corporation's share of costs plus capitalized interest are reflected in these statements.

The Corporation's share of subsidies and losses related to these agreements is recovered from the Minister.

Gains on the sale of land assembly projects are recognized as income in the Corporate Account.

(d) Real Estate

Real estate includes vacant land and properties acquired directly by the Corporation, or through the Government of Canada at no cost, or through default on uninsured loans.

All real estate is recorded at cost, which includes acquisition costs and any modernization and improvement costs.

Holding costs, including interest, on real estate acquired directly by the Corporation are capitalized up to appraised value after which the costs are expensed in the Corporate Account. Gains or losses on the disposal of these properties are recorded in the Corporate Account. Losses resulting from permanent decline in the value of property are recognized in the year in which these loses are identified.

Holding costs, including interest, on real estate acquired through the Government of Canada at no cost, or through default on uninsured loans, are capitalized. Gains or losses on the disposal of these properties are paid to or recovered from the Minister. All net operating losses on real estate are recovered from the Minister.

Buildings included as real estate in Loans and Investments are written off and charged to the Minister on a staight-line basis over the same term as the related borrowings.

(e) Deferred Recoveries from the Minister

Effective April 1, 1991, expenditures to modernize and improve certain properties are recovered from the Minister over a period of ten years.

(f) Amortization

Assets Under Capital Lease and Business Premises and Equipment are amortized on a diminishing balance basis over the estimated useful life of the asset. Leasehold improvements are amortized on a straight-line basis.

(g) Pension Costs and Obligations

The cost of pension benefits earned by employees is charged to income as services are rendered. Adjustments arising from pension plan amendments, experience gains and losses, and changes in assumptions are amortized over the expected average remaining service life of the employee group.

2. LOANS AND INVESTMENTS

	1992	1991
	(in thousands of dollars)	
Loans	3,912,215	4,154,133
Federal-provincial agreements:		
Loans	2,715,758	2,765,331
Investments in housing projects	1,747,201	1,695,681
Land assembly projects	33,081	15,405
	4,496,040	4,476,417
Real estate:		
Investments in housing projects	22,414	16,294
Land	52,171	42,717
	74,585	59,011
Total loans and investments	8,482,840	8,689,561

3. DUE FROM THE MINISTER

	1992	1991
	(in thousands of dollars)	
Expenditures	1,917,839	1,961,980
Due from the Minister, beginning of year	15,871	35,316
	1,933,710	1,997,296
Recoveries	1,907,073	1,981,425
Due from the Minister, end of year	26,637	15,871

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

4. ASSETS UNDER CAPITAL LEASE

	Rate	Cost	Accumulated amortization	Net book value 1992	Net book value 1991
	%	(in thousands of dollars)			
Building	4	29,809	2,337	27,472	28,617
Leasehold improvements	10	9,172	1,834	7,338	8,255
Total		38,981	4,171	34,810	36,872

Amortization in 1992 was $2.1 million (1991—$2.1 million).

5. BUSINESS PREMISES AND EQUIPMENT

	Rate	Cost	Accumulated amortization	Net book value 1992	Net book value 1991
	%	(in thousands of dollars)			
Land		166		166	171
Buildings	5	22,184	7,313	14,871	10,903
Leasehold improvements	20	7,376	6,512	864	1,054
Equipment	8, 20 or/ou 30	32,005	24,411	7,594	7,968
Total		61,731	38,236	23,495	20,096

Amortization, excluding assets under the capital lease, in 1992 was $2.5 million (1991—$2.8 million).

6. BORROWINGS FROM THE GOVERNMENT OF CANADA

The Corporation borrows from the Government of Canada under provisions of the *Canada Mortgage and Housing Corporation Act* and the *National Housing Act* to finance loans and investments. Interest rates on the debt instruments vary from 2.00 to 17.96%. The terms are up to 50 years.

The payments scheduled for the next five years are:

	(in thousands of dollars)
1993	257,300
1994	216,100
1995	194,700
1996	195,900
1997	198,200

7. OBLIGATION UNDER CAPITAL LEASE

The Corporation financed additions and improvements to the National Office building in 1990 with a long-term lease, that is accounted for as a capital lease. The Corporation assumes ownership of the building for a cost of one dollar at the termination of the lease in 2015.

The annual lease payments are $5.2 million for the first 10 years and $3.6 million for the remaining 15 years.

The minimum lease payments are:

	(in thousands of dollars)
1993 to 1997	25,844
1998 to 2015	68,721
Total future minimum lease payments	94,565
Less interest at 11.77 and 11.57%	57,385
Present value of minimum lease payments	37,180

Interest expense in 1992 was $4.3 million (1991—$4.4 million).

8. RESERVE FUND

Net income or loss is transferred to the Reserve Fund, which is limited by Order-in-Council to $25 million. Any excess is paid to the Receiver General for Canada.

9. OPERATING EXPENSES

The operating expenses of the Corporation are allocated on the basis of staff utilization as follows:

	1992	1991
	(in thousands of dollars)	
Corporate Account	24,261	32,814
Minister's Account	113,591	109,827
Funds Administered	95,897	85,716
Total	233,749	228,357

10. TAXES

Taxes include income tax and Large Corporations Tax (LCT).

Income tax for 1992 is $7.5 million (1991 Restated—$11.8 million). The tax rate is 38%.

Proposed amendments to the *Income Tax Act*, effective January 1, 1991, will exclude the Corporation's borrowings from the Government of Canada from its tax base for LCT. The proposed amendments, which are still subject to Parliamentary approval, are reflected in the financial statements. As a result, LCT for 1992 is $63,372 (1991 Restated—$95,499). The LCT rate is 0.2%.

Should these amendments not pass, LCT for the year would increase by $16.7 million, while the amount due to the Receiver General would decrease by $16.7 million in the Statement of Operations and Reserve Fund (1991 Restated—$16.9 million).

Amendments to the *National Housing Act*, subjecting the Corporation's Insurance and Guarantee Funds to income tax and LCT effective January 1, 1991, received Royal Assent on June 23, 1992.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

CORPORATE ACCOUNT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Concluded*

11. PRIOR PERIOD ADJUSTMENT

In 1992, a court judgement nullified a sale of property made in 1989 and ordered that both parties to the sale agreement be put back to their original respective positions prior to execution of that document. Accordingly, the Corporation has reversed the transaction which originally recorded this sale of property in 1989 and the interest earned since that time on the mortgage taken back. The balance of the Reserve Fund at January 1, 1992 has been adjusted by $6.9 million representing the cumulative amount of the reversal of the related profits to that date. Of the $6.9 million, $0.8 million is applicable to 1991 and has been charged to income in that year. The remaining $6.1 million is applicable to years prior to January 1, 1991 and the balance of the Reserve Fund at that date has been adjusted accordingly.

12. COMMITMENTS

(a) Loans and Investments

Commitments outstanding for loans and investments amounted to $248.9 million at December 31, 1992 (1991—$258.3 million).

(b) Operating Leases

Minimum rental payments scheduled over the next five years on business premises and equipment under long-term non-cancellable leases are:

	1993	1994	1995	1996	1997
	(in thousands of dollars)				
Business premises	7,569	6,469	4,369	3,769	4,069
Equipment	10,724	10,783	9,754	8,969	8,889
Total	18,293	17,252	14,123	12,738	12,958

13. CONTINGENT LIABILITIES

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. While CMHC was successful before the courts in 1991, the decision has been appealed. Due to the uncertainty of the outcome of these events, no provision for loss has been made. Should costs arise as a result of these actions, they would be expensed when determined. There are no other legal claims against the Corporation at the end of 1992 (1991—$4.1 million).

14. INTEREST CAPITALIZED

The amount of interest capitalized on real estate in 1992 was $3.3 million (1991—$2.4 million).

15. PENSION PLAN

The Corporation maintains an indexed, defined benefit pension plan. Retirement benefits are based on the average salary in any best five-year period and the number of years of service.

The accrued pension benefits are determined using the projected benefits method prorated on service.

The Corporation's funding policy is to contribute the amount required to provide for current benefits attributed to service and to pay the unfunded pension plan liabilities over periods permitted by regulatory authorities.

Based on an actuarial valuation at January 1, 1993, the status of the plan at December 31, 1992 was:

	1992	1991
	(in thousands of dollars)	
Net assets available for benefits	526,504	505,900
Actuarial value of accrued pension benefits	524,939	504,302
Excess of net assets over actuarial value of accrued pension benefits	1,565	1,598
Annual pension cost includes:		
Current service costs	10,300	10,038
Government pension plans	1,996	1,822
Amortization of experience gains and losses	(694)	(626)
Total	11,602	11,234

16. INTEREST LOSS RECOVERIES

The Corporation was authorized by the Government of Canada to approve certain loans and investments at a negative interest margin and to recover the loss from the Minister. The interest loss recovered is included in interest income. The recoveries by program are:

	1992	1991
	(in thousands of dollars)	
Market housing	17,990	29,704
Social housing	18,175	19,090
Total	36,165	48,794

17. COMPARATIVE FIGURES

The 1991 comparative figures have been reclassified to conform to the 1992 statement presentation.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

MINISTER'S ACCOUNT

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the Canada Mortgage and Housing Corporation, Minister's Account—Statement of Expenditures and Recoveries for the year ended December 31, 1992. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the expenditures for and recoveries from the Minister for the year ended December 31, 1992 in accordance with the accounting policies described in Note 1 to this financial statement.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 26, 1993

MINISTER'S ACCOUNT

STATEMENT OF EXPENDITURES AND RECOVERIES
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Expenditures		
Market housing	55,940	155,458
Social housing	1,709,324	1,654,835
Housing support	9,466	11,935
Fees paid to delivery agents	29,518	29,925
Operating expenses	113,591	109,827
	1,917,839	1,961,980
Due from the Minister, beginning of year	15,871	35,316
	1,933,710	1,997,296
Recoveries	1,907,073	1,981,425
Due from the Minister, end of year	26,637	15,871

See accompanying notes.

MINISTER'S ACCOUNT

NOTES TO STATEMENT OF EXPENDITURES AND RECOVERIES
YEAR ENDED DECEMBER 31, 1992

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statement for the Minister's Account is presented separately from those of the Corporate Account and each of the Funds Administered.

(b) Accruals

No accruals are made at December 31 in this account. Year end for the Government of Canada is March 31, at which time accruals will be recorded in accordance with Treasury Board guidelines and reported in the Public Accounts of Canada. Expenditures made on behalf of the Minister are recorded as recoverable when disbursed.

2. DEFERRED RECOVERIES FROM THE MINISTER

Effective April 1, 1991, expenditures to modernize and improve certain properties are recovered from the Minister over a period of ten years.

At December 31, 1992, $156.9 million of the expenditures have not yet been recovered ($74.5 million after the nine month period ending December 31, 1991).

3. FUTURE CONTRACTUAL OBLIGATIONS

Total financial obligations under contracts for Social Housing programs extend for periods up to 45 years. Uncertainty in forecasting the economic factors used to calculate the financial obligations precludes reasonable estimation beyond five years.

Estimated payments and expenses for the next five years are:

	(in millions of dollars)
1993	2,005
1994	2,009
1995	2,023
1996	2,028
1997	2,060

4. CONTINGENT LIABILITIES

In 1982, the Corporation became defendant, solely or jointly, in legal claims regarding urea formaldehyde foam insulation totalling approximately $48.9 million. While CMHC was successful before the courts in 1991, the decision has been appealed. It is uncertain if costs arising from these actions could be charged to the Government of Canada. There were other legal claims of $6.5 million at the end of 1992 (1991—$8.3 million), which if successfully held against the Corporation, could result in charges to the Minister's Account. Due to the uncertainty of the outcome of these events, no provision for losses has been made. Should costs arise as a result of these actions, they would be charged when determined.

5. OPERATING EXPENSES

Operating expenses allocated by the Corporation to the Minister's Account in 1992 were $113.6 million (1991—$109.8 million).

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE FOR CANADA MORTGAGE AND HOUSING CORPORATION

We have audited the balance sheets of the Funds Administered by Canada Mortgage and Housing Corporation: Mortgage Insurance Fund, Mortgage-backed Securities Guarantee Fund, Home Improvement Loan Insurance Fund and Rental Guarantee Fund as at December 31, 1992 and the statements of operations and surplus for the year then ended. We have also audited the statements of changes in financial position of the Mortgage Insurance Fund and the Mortgage-backed Securities Guarantee Fund for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these funds as at December 31, 1992 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Mortgage and Housing Corporation Act, the National Housing Act* and the by-laws of the Corporation.

Robert D. Hepburn, CA
of the firm Deloitte & Touche

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 26, 1993

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Investment in securities (Note 2)	1,284,472	1,175,748
Real estate	212,205	122,930
Mortgages	20,865	23,833
Deferred income tax	28,647	14,849
Accounts receivable	1,199	1,442
Due from Canada Mortgage and Housing Corporation	3,272	
	1,550,660	1,338,802

LIABILITIES	1992	1991
Accounts payable and accrued liabilities	6,096	5,777
Due to Canada Mortgage and Housing Corporation		804
Due to the Receiver General for Canada		2,336
Provision for claims	507,764	447,840
Unearned premiums	938,084	703,122
Premium deficiency	20,781	29,540
	1,472,725	1,189,419
SURPLUS		
Unappropriated surplus	19,935	57,383
Appropriated surplus (Note 3)	58,000	92,000
	77,935	149,383
	1,550,660	1,338,802

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Earned premiums	190,904	159,849
Application fees	33,543	22,988
Income from investments	129,954	107,908
Other	2,538	4,446
	356,939	295,191
Expenses		
Loss on claims	239,139	84,570
Issuance	53,661	50,034
Operating expenses	40,547	34,077
Adjustment to provision for claims	59,924	165,585
	393,271	334,266
Loss before the undernoted	(36,332)	(39,075)
Adjustment to premium deficiency	8,759	11,560
Loss before taxes	(27,573)	(27,515)
Taxes (Note 4)	(11,125)	(12,513)
Net loss	(16,448)	(15,002)
Unappropriated surplus		
Balance, beginning of year	57,383	98,385
Transfer from (to) appropriated surplus (Note 3)	34,000	(26,000)
Assets returned to the Government of Canada	(55,000)	
Balance, end of year	19,935	57,383
Appropriated surplus		
Balance, beginning of year	92,000	66,000
Transfer from (to) unappropriated surplus	(34,000)	26,000
Balance, end of year	58,000	92,000
Total surplus	77,935	149,383

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE INSURANCE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Premiums received	425,866	251,937
Application fees	33,543	22,988
Investment income received	138,772	105,909
Claims paid	(434,591)	(161,303)
Proceeds from sales of real estate	118,720	78,158
Operating expenses	(94,691)	(84,547)
Income tax paid	(5,038)	
Other	(8,485)	17,922
	174,096	231,064
Investment activities		
Investment in securities	(115,020)	(234,369)
Financing activities		
Assets returned to the Government of Canada	(55,000)	
Increase (decrease) in due from Canada Mortgage and Housing Corporation	4,076	(3,305)

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Investment in securities (Note 2)	30,390	18,418
Due from Canada Mortgage and Housing Corporation		91
Deferred income taxes	223	
	30,613	18,509

LIABILITIES AND SURPLUS	1992	1991
Due to Canada Mortgage and Housing Corporation	1,277	
Unearned guarantee fees	19,805	11,603
Due to the Receiver General for Canada		1,380
Surplus	9,531	5,526
	30,613	18,509

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Earned guarantee fees	4,360	2,755
Application fees	1,425	856
Income from investments	2,281	1,408
	8,066	5,019
Expenses		
Operating expenses	1,537	1,450
Other		10
	1,537	1,460
Income before taxes	6,529	3,559
Taxes (Note 4)	2,524	1,380
Net income	4,005	2,179
Surplus, beginning of year	5,526	3,347
Surplus, end of year	9,531	5,526

See accompanying notes.

FUNDS ADMINISTERED
MORTGAGE-BACKED SECURITIES GUARANTEE FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Guarantee fees received	12,562	6,278
Application fees	1,425	856
Investment income received	1,879	1,052
Operating expenses	(1,537)	(1,450)
Income taxes paid	(4,127)	
Other	26	(10)
	10,228	6,726
Investment activities		
Investment in securities	(11,596)	(6,680)
Increase (decrease) in due from Canada Mortgage and Housing Corporation	(1,368)	46

See accompanying notes.

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

BALANCE SHEET DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Investment in securities (Note 2)	7,106	7,077
Real estate	10,415	11,000
Due from Canada Mortgage and Housing Corporation	415	212
Deferred income tax	13	
	17,949	18,289

LIABILITIES AND SURPLUS	1992	1991
Accrued liabilities	48	3
Due to the Receiver General for Canada		632
Surplus	17,901	17,654
	17,949	18,289

See accompanying notes.

FUNDS ADMINISTERED
RENTAL GUARANTEE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Income from investments	554	603
Other	700	1,130
	1,254	1,733
Expenses		
Operating expenses	126	125
Provision for revaluation of real estate	668	45
	794	170
Income before taxes	460	1,563
Taxes (Note 4)	213	632
Net income	247	931
Surplus, beginning of year	17,654	16,723
Surplus, end of year	17,901	17,654

See accompanying notes.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

BALANCE SHEET DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Investment in securities (Note 2)	1,452	1,416
Mortgages	3	3
Due from Canada Mortgage and Housing Corporation	3	30
	1,458	1,449

LIABILITIES AND SURPLUS	1992	1991
Due to the Receiver General for Canada		43
Surplus	1,458	1,406
	1,458	1,449

See accompanying notes.

FUNDS ADMINISTERED
HOME IMPROVEMENT LOAN INSURANCE FUND

STATEMENT OF OPERATIONS AND SURPLUS
YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Income from investments	115	135
Other	1	1
	116	136
Expenses		
Operating expenses	27	30
Income before taxes	89	106
Taxes (Note 4)	37	43
Net income	52	63
Surplus, beginning of year	1,406	1,343
Surplus, end of year	1,458	1,406

See accompanying notes.

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of Presentation

Financial statements for each of the Funds Administered are presented separately from the Corporate Account and the Minister's Account.

The statements for the Administered Funds are prepared in accordance with generally accepted accounting principles.

(b) Investment in Securities

Investments are carried at amortized cost plus accrued interest.

(c) Mortgages

Mortgages are valued at cost less a provision for estimated losses.

(d) Real Estate

Real estate acquired upon the payment of a claim resulting from a loan default is valued at net realizable value. Net realizable value is calculated as the current appraised value of the property, as determined by the Corporation, less the discounted value of estimated holding and disposal costs. Amortization is not recorded on the real estate.

(e) Provision for Claims

This provision represents the estimated loss on claims in process of payment and the estimated loss on loans, where defaults have occurred, but for which claims have not yet been received by the Corporation.

(f) Premiums

Premiums are deferred and are taken into income over the life of the related policies based on the risk of default in each year.

CANADA MORTGAGE AND HOUSING CORPORATION—*Continued*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

(g) Premium Deficiency

Annually, the Corporation compares the amount of its unearned premiums by line of business to the discounted costs of claims that have not yet occurred on insurance policies in force. Whenever it is determined that the unearned premiums on a line of business are inadequate to meet the expected net costs of future claims, a premium deficiency is charged to operations. Subsequently, it is taken into income on the same basis as unearned premiums.

(h) Guarantee Fees

Guarantee fees are deferred and are taken into income over the term of the relative Mortgage-backed Security issue on a straight-line basis. Issues currently exist for terms of between one and twenty-five years.

(i) Application Fees

Application fees are recognized as income when received.

(j) Investment Income

Investment income is recorded on the accrual basis.

(k) Issuance Costs

Issuance costs are expensed as incurred.

2. INVESTMENTS IN SECURITIES

	1992						1991	
	Within 1 year	One to 3 years	Three to 5 years	Over 5 years	Total book value	Estimated market value	Total book value	Estimated market value
	(in millions of dollars)							
Mortgage Insurance Fund								
Canada Treasury bills	133.0				133.0	132.4	84.0	84.0
Promissory notes							6.3	6.4
Government of Canada Bonds	311.5	302.5	213.0	225.5	1,052.5	1,080.3	983.6	1,035.1
Mortgage-backed Securities	2.9	74.4	21.7		99.0	101.3	101.8	108.0
Total	447.4	376.9	234.7	225.5	1,284.5	1,314.0	1,175.7	1,233.5
Other Funds								
Canada Treasury bills	8.3				8.3	8.3	6.6	6.6
Government of Canada Bonds	2.3	4.1	12.3	11.9	30.6	30.8	20.3	21.3
Total	10.6	4.1	12.3	11.9	38.9	39.1	26.9	27.9

CANADA MORTGAGE AND HOUSING CORPORATION—*Concluded*

FUNDS ADMINISTERED

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Concluded*

3. APPROPRIATED SURPLUS—MORTGAGE INSURANCE FUND

Management, on the advice of the actuary, has established a reserve for possible additional claims on the Mortgage Insurance Fund, which may occur as the result of the present economic downturn. In addition, there are potential losses associated with environmental matters on projects that have been underwritten by the Fund. Although Management has ben unable to determine the likelihood of occurence, a reserve has been established based on Management's assessment of the impact of these losses.

4. TAXES

Amendments to the *National Housing Act*, effective January 1, 1991, received Royal Assent June 23, 1992 and subjected the Funds Administered to income tax and Large Corporations Tax (LCT).

Income tax for 1992 is ($11.1) million (1991—($12.8) million). The tax rate is 38%.

LCT for 1992 is $2.8 million (1991—$2.4 million). The LCT rate is 0.2%.

5. OPERATING EXPENSES

The operating expenses allocated to the Funds by the Corporation for the year ended December 31, 1992 were $95.9 million (1991—$85.7 million).

6. CONTINGENT LIABILITIES

Legal claims of $11.5 million (1991—$19.4 million) are pending against the Mortgage Insurance Fund. Due to the uncertainty of the outcome of these events, no provision for loss has been made. Costs arising as a result of these actions would be expensed when determined.

7. ACTUARIAL VALUATION—MORTGAGE INSURANCE FUND

An actuarial study of the fund as at September 30, 1992 disclosed the fund is now sufficient to pay all future claims in respect of business in force. The estimated pre-tax surplus as at September 30, 1992 was $47.4 million (September 30, 1991—$176.7 million).

8. INSURANCE IN FORCE—MORTGAGE INSURANCE FUND

At December 31, 1992, the insurance policies in force totalled approximately $72.0 billion (1991—$58.3 billion).

9. GUARANTEES IN FORCE—MORTGAGE-BACKED SECURITIES GUARANTEE FUND

At December 31, 1992, the guarantees in force totalled approximately $12.0 billion (1991—$7.7 billion).

10. HOME IMPROVEMENT LOAN INSURANCE AND RENTAL GUARANTEE FUNDS

The Home Improvement Loan Insurance and Rental Guarantee Programs are no longer active. The Home Improvement Loan Insurance Fund will be wound-up in 1993 and the surplus returned to the Government of Canada.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Canada Museums Construction Corporation Inc. are the responsibility of management and have been approved by members of the Board of Directors of the Corporation. The financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on management's estimates and judgement. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

Management has developed and maintains books of account, records, financial and management controls and information systems. The internal controls are designed to provide reasonable assurance that relevant and reliable financial information is produced, that assets are safeguarded and controlled and that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the Corporation.

The Board of Directors is composed of three directors, all of whom are not employees of the Corporation. The Board of Directors has the responsibility to review and approve the financial statements, as well as overseeing management's performance of its financial reporting responsibilities. The Board is also responsible for meeting with management and external auditors to discuss the financial reporting process as well as auditing, accounting and reporting issues.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and the financial statements and for issuing his report thereon.

R.A. Quail
Chairman and Chief Executive Officer

R. Plourde
Treasurer and Comptroller

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Canada Museums Construction Corporation Inc. as at March 31, 1993 and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the Corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 9, 1993

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Cash and investments	2,447	1,147
Accounts receivable		
Due from Canada—Parliamentary appropriation		1,500
Government entities (Note 8)	170	414
Others	17	8
Construction in progress (Schedule)		
	2,634	3,069

LIABILITIES	1993	1992
Accounts payable and accrued liabilities	2,290	2,023
Contractors' holdbacks payable	673	759
	2,963	2,782
EQUITY OF CANADA (DEFICIENCY)		
Capital stock (Note 3)		
Equity (deficiency) (Note 4)	(329)	287
	2,634	3,069

Contingencies and claims (Note 7).

Approved by the Board:

R.A. QUAIL
Chairman and Chief Executive Officer

B.J. VEINOT
Director

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Construction during the year (Schedule)	(616)	(2,437)
Changes in non-cash assets and liabilities		
Accounts receivable—Government entities and others	1,735	870
Accounts payable and accrued liabilities	267	(2,628)
Contractors' holdbacks payable	(86)	(1,204)
Cash used in operating activities	1,300	(5,399)
Financing activities		
Parliamentary appropriation		3,000
Increase (decrease) in cash	1,300	(2,399)
Cash at beginning of year	1,147	3,546
Cash at end of year	2,447	1,147

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and activities

The Corporation was incorporated on June 21, 1982 under the *Canada Business Corporations Act* as an agent of Her Majesty pursuant to the *Government Companies Operations Act*, and was named as a parent Crown corporation in Part I of Schedule III to the *Financial Administration Act*. Until November 26, 1991, two-thirds of the capital stock was held by the Canada Lands Company Limited, also a parent Crown corporation, and one-third by the Minister of Public Works, the responsible Minister with whom the control of the Corporation lies.

On November 26, 1991, Royal assent was given to Bill C-8 making Canada Museums Construction Corporation Inc. a wholly-owned subsidiary of Canada Lands Company Limited. Accordingly, the share previously held by the Minister of Public Works was transferred to Canada Lands Company Limited and the Corporation is being deleted from Part I of Schedule III to the *Financial Administration Act*.

The business of the Corporation is limited to construction, in the National Capital Region, of buildings for the National Gallery of Canada (NGC), the Canadian Museum of Civilization (CMC) and any other national museum which the Governor in Council may direct, including the acquisition, control, administration and disposal of land required for the construction.

(a) Status of the Corporation

The phasing out of the remaining activities of the Corporation, including the resolution of outstanding contractors' claims on both museum projects, is currently handled by Public Works Canada, with the assistance of a former employee of the Corporation under contract.

(b) Funding

In September 1981, the Government allocated $185 million for the two projects. Subsequently, additional increases were approved by Treasury Board to bring the total of funds allocated for construction of the museums to $338.21 million for the period to March 31, 1993, as follows:

	NGC	CMC	Total
	(in millions of dollars)		
Construction	121.85	161.16	283.01
Architects and consultants	14.30	26.20	40.50
	136.15	187.36	323.51
Administration expenses	6.95	7.75	14.70
	143.10	195.11	338.21

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(c) Transfer of National Gallery of Canada building

During 1988-89, custody and control of the National Gallery of Canada building were transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1993, in the amount of $141.16 million. In accordance with the terms of the memorandum of understanding between the Corporation and the Department of Public Works, the Corporation continued to be responsible for resolving outstanding construction and consultant claims until June 30, 1992 when all outstanding matters were transferred to the Department of Public Works.

(d) Transfer of Canadian Museum of Civilization

During 1990-91, custody and control of the Canadian Museum of Civilization building was transferred from the Corporation to the Department of Public Works. Accordingly, the construction in progress and equity accounts have been reduced by the net construction cost to March 31, 1993 in the amount of $197.32 million. In accordance with the terms of a memorandum of understanding between the Corporation and the Department of Public Works, the Corporation continued to be responsible to complete certain work items and deficiencies and to resolve outstanding construction and consultant claims until June 30, 1992, when all outstanding matters were transferred to the Department of Public Works.

(e) Post-construction program

On November 1, 1990 Treasury Board approved $2.7 million for the post-construction program for the Canadian Museum of Civilization, including the work to upgrade the Omnimax theatre hoisting system. This work is managed by the Department of Public Works (DPW). However, because of contractual requirements, certain elements of the work are contracted through CMCC on a cost recovery basis from DPW.

(f) Additional funding for settlement of claims

On November 7, 1991, Treasury Board considered and approved a submission from the Corporation requesting additional funding of $3.0 million in the 1991-92 Final Supplementary Estimates in order to alleviate an anticipated cash shortfall as a result of the settlement of the contractors' claims at the Canadian Museum of Civilization.

2. Significant accounting policies

(a) Basis of accounting

These financial statements account for the costs incurred by the Corporation in the construction of the museums. They do not account for costs incurred by National Capital Commission for sites or by the former National Museums of Canada for accommodation planning and fit-ups.

(b) Capitalization

All expenditures, including those for site evaluation, design, construction and administration, are capitalized. Interest, management fees and other income are credited to construction in progress. Costs are allocated directly to each museum when they can be specifically identified. The administration expenses are allocated to each project on the basis described in Note 9.

3. Capital stock

The Corporation is authorized to issue three shares with a nominal value of $1 which shall not be transferred without the approval of the Governor in Council.

4. Equity (deficiency)

During 1991-1992, funding of $3.0 million was provided by parliamentary appropriation through Vote 17c of the Department of Public Works for capital expenditures of the Corporation, of which $1.5 million was received in 1991-92 and $1.5 million in 1992-93. The Corporation has now drawn the full amount of its approved parliamentary appropriation.

	1993	1992
	(in thousands of dollars)	
Opening balance	287	(276)
Parliamentary appropriation		3,000
Transfer of net cost of construction	(616)	(2,437)
Ending balance	(329)	287

5. Pension plan

Inasmuch as the Corporation had no employee during 1992-93, the Group Pension Plan, instituted with a private sector organization, was discontinued during 1992-93. The Corporation has no further liability to the Plan.

6. Contractual obligations

As at March 31, 1993, commitments for construction and related costs for the Canadian Museum of Civilization amounted to approximately $334,000.

7. Contingencies and claims

(a) Claims have been made against the Corporation totalling approximately $8.9 million for additional construction costs. The final outcome of these claims is not determinable and, accordingly, these items are not reflected in the accounts, except for a provision for anticipated settlement of these claims.

(b) The Corporation has given notice to certain consultants of actual pending claims under professional liability insurance policies. These claims are under review. Actions on certain claims have been taken by the insurers. No provision for amounts to be recovered has been made in the financial statements.

Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the settlements occur.

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

8. Related party transactions

(a) Under cost recovery arrangements with the Department of Public Works, the Corporation receives or provides various services. The following summarizes the transactions:

	Accounts receivable March 31, 1992	Amounts billed during 1993	Amounts received during 1993	Accounts receivable March 31, 1993
	(in thousands of dollars)			
Imax/Omnimax hoisting system	15	3	(18)	
Post-construction work	399	30	(259)	170
	414	33	(277)	170

(b) The Corporation receives audit, legal and certain administrative services without charge from the Office of the Auditor General of Canada, the Department of Justice of Canada and the Department of Public Works respectively.

(c) In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

9. Administration expenses

The Corporation incurred the following administration expenses which have been proportionately allocated to each Museum project relative to total annual construction costs.

	1993	1992
	(in thousands of dollars)	
Professional and Special Services	192	147
Salaries and employee benefits	9	371
Other	4	12
Public information	3	1
Rental of equipment	1	27
Travel and transportation	1	5
Office accommodation		90
Communications		27
Utilities, material and supplies		2
Office furniture and equipment, net of proceeds from disposal	(3)	(18)
	207	664

CANADA MUSEUMS CONSTRUCTION CORPORATION INC.—*Concluded*

SCHEDULE OF CONSTRUCTION IN PROGRESS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	National Gallery of Canada			Canadian Museum of Civilization			Total		
	Balance to March 31, 1992	1993	Balance to March 31, 1993	Balance to March 31, 1992	1993	Balance to March 31, 1993	Balance to March 31, 1992	1993	Balance to March 31, 1993
Construction costs	114,299	196	114,495	147,071	362	147,433	261,370	558	261,928
Landscaping	4,552		4,552	7,224		7,224	11,776		11,776
Fit-up	7,046		7,046	29,609		29,609	36,655		36,655
Architects and consultants	16,189	34	16,223	32,881	16	32,897	49,070	50	49,120
Construction managers	6,252		6,252	13,099	2	13,101	19,351	2	19,353
	148,338	230	148,568	229,884	380	230,264	378,222	610	378,832
Administration (Note 9)	7,281	79	7,360	11,841	128	11,969	19,122	207	19,329
	155,619	309	155,928	241,725	508	242,233	397,344	817	398,161
Less:									
Funding by NMC	8,776		8,776	35,677		35,677	44,453		44,453
Funding by NCC	4,000		4,000	3,700		3,700	7,700		7,700
Funding by DPW	530	41	571	2,271	16	2,287	2,801	57	2,858
Interest income	1,364	55	1,419	3,157	89	3,246	4,521	144	4,665
	14,670	96	14,766	44,805	105	44,910	59,475	201	59,676
Net cost	140,949	213	141,162	196,920	403	197,323	337,869	616	338,485
Transfer of NGC and CMC to DPW (Notes 1(c), 1(d) and 4)	(140,949)	(213)	(141,162)	(196,920)	(403)	(197,323)	(337,869)	(616)	(338,485)

CANADA PORTS CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Canada Ports Corporation as at December 31, 1992 and the statements of income and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the by-laws of the Corporation.

The financial statements of the Corporation as at December 31, 1991, were audited by other auditors whose report dated February 14, 1992 expressed an unqualified opinion on those statements.

Arthur Anderson & Co.
Chartered Accountants

Ottawa, Canada
February 26, 1993

BALANCE SHEET
AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash	1,297	4,547
Short-term investments (Note 4)	17,052	19,298
Accounts receivable	6,685	4,351
Due from Canada	240	187
Materials and supplies	2,548	2,494
	27,822	30,877
Investments (Note 4)	18,282	18,550
Fixed assets (Note 5)	103,111	90,346
	149,215	139,773
Interport Loan Fund—Assets (Note 11)	68,715	45,419
	217,930	185,192

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities (Note 6)	27,152	30,930
Due to Interport Loan Fund (Note 7)	16,119	15,561
	43,271	46,491
Accrued employee benefits	2,668	1,512
Due to Interport Loan Fund (Note 7)	45,530	25,162
Loan from Canada (Note 8)	581	1,126
Bank loans (Note 9)	177,703	197,788
	269,753	272,079
DEFICIENCY OF CANADA		
Contributed capital (Note 10)	111,672	111,672
Deficit	(232,210)	(243,978)
	(120,538)	(132,306)
	149,215	139,773
Interport Loan Fund Balance (Note 11)	68,715	45,419
	217,930	185,192

See accompanying notes.

On behalf of the Board:

ARNOLD E. MASTERS
Chairman of the Board

JEAN MICHEL TESSIER
President and Chief Executive Officer

CANADA PORTS CORPORATION—*Continued*

STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenue from operations	52,796	26,723
Operating and administrative expenses (Note 13)	18,457	16,355
Depreciation	4,897	3,313
Municipal grants and taxes	2,776	1,547
	26,130	21,215
Income from operations	26,666	5,508
Investment income	3,502	4,041
Interest expense	(18,370)	(9,487)
Income before undernoted	11,798	62
Loss on acquisition of Ridley Terminals Inc. (Note 3)		(255,926)
Net income (loss) for the year	11,798	(255,864)
Retained earnings (deficit) at beginning of the year	(243,978)	12,060
Dividend to Canada	(30)	(174)
Deficit at end of year	(232,210)	(243,978)

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating Activities		
Net income (loss) for the year	11,798	(255,864)
Items not affecting cash		
Depreciation	4,897	3,313
Loss on acquisition of RTI		255,926
Deferred interest	1,643	689
Other	1,092	90
Unamortized interest charges		(487)
Net change in non-cash components of working capital	(3,995)	362
Cash provided by operating activities	15,435	4,029
Financing Activities		
Capital grants	12,752	32,444
Change in due from Canada	187	849
Transfers from Interport Loan Fund	19,662	35,978
Repayment of transfers from Interport Loan Fund	(250)	
Repayment of loans from Canada	(581)	(93)
Repayment of bank loans	(17,290)	(15,250)
Amount due to Canada		(10,220)
Contribution from Canada		58,474
Dividend paid to Canada	(30)	(174)
Cash provided by financing activities	14,450	102,008
Investing Activities		
Additions to fixed assets	(30,486)	(63,128)
Change in construction payables	(5,299)	2,865
Investment in RTI—Net of cash acquired of $4,993		(53,481)
Other	404	2,282
Cash required by investing activities	(35,381)	(111,462)
Decrease in cash and short-term investments	(5,496)	(5,425)
Cash and short-term investments at beginning of the year	23,845	29,270
Cash and short-term investments at end of the year	18,349	23,845

See accompanying notes.

CANADA PORTS CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. *CANADA PORTS CORPORATION ACT*

Canada Ports Corporation (the Corporation) was established under the *Canada Ports Corporation Act* (the Act), to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council. The Corporation is named in Part II of Schedule III of the *Financial Administration Act* and is exempt from income tax.

The Corporation has direct reponsibility for operating eight divisional ports and has a wholly-owned subsidiary Ridley Terminals Inc. (RTI), a coal terminal facility in Prince Rupert. The Act provides for the establishment of local port corporations to manage and operate additional selected ports. The Act also charges the Corporation with certain responsibilities respecting these ports, particularly concerning capital projects. In addition, the Corporation administers the Interport Loan Fund on behalf of itself and the local port corporations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statements:

The financial statements of the Corporation include the accounts of the divisional ports under its administration and of RTI. The activities of the local port corporations are excluded from the financial statements from the date of their establishment. As the earnings of the Interport Loan Fund do not accrue to the Corporation, the assets, liabilities, revenues and expenses of the Fund are not consolidated (see Note 11).

(b) Investments:

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

(c) Fixed assets:

Fixed assets are recorded at cost with the exception of those transferred to the Corporation from Canada. The assets transferred from Canada are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation of fixed assets is calculated on the straight-line basis commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets. The cost of RTI's coal terminal facility is being depreciated, following a write-down at December 31, 1990, using the straight-line method over its remaining useful life to December 31, 2015.

(d) Pension costs:

Permanent employees of the Corporation are covered by the Public Service Superannuation Plan, which is a contributory defined-benefit pension plan administered by Canada. However, employees of RTI, a wholly-owned subsidiary, are covered by a non-contributory defined-benefit plan.

(e) Municipal grants and taxes:

The expense for municipal grants and taxes is based on estimated municipal assessments, adjusted in accordance with the *Municipal Grants Act* where applicable. Municipal grants are finalized after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization of the grants are reflected in the accounts in the year of settlement.

(f) Employee benefits:

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees under its collective agreements, or in accordance with its policy.

(g) Revenue recognition:

Revenue is recognized as the related services are provided. RTI's coal throughput revenue is recorded at 50% of the contracted throughput rate at the time the coal is received at the terminal, with the balance being recorded at the time of ship loading. RTI's coal shippers have guaranteed delivery of an annual minimum tonnage to the terminal. Revenues resulting from any shortfall in tonnage are recognized at the end of the coal year when the amount of shortfall revenue is known.

3. ACQUISITION OF RIDLEY TERMINALS INC.

Ridley Terminals Inc. operates a coal terminal facility on Ridley Island in Prince Rupert, British Columbia and was previously owned 50% by the Corporation. The investment in RTI was formerly recorded in the financial statements on the cost basis at a nominal value.

The Corporation purchased from an unrelated party the remaining 50% ownership in RTI on July 30, 1991 and RTI became a wholly-owned subsidiary of the Corporation. The share purchase was paid in cash and was fully financed by Canada.

The acquisition was accounted for by the purchase method, and the results of the RTI's operations from the date of acquisition were included in the statement of income and deficit.

Net assets acquired were as follows:

	(in thousands of dollars)
Total assets	31,639
Total liabilities	229,090
	(197,451)
Purchase price	58,475
Excess of purchase price over net liabilities assumed —Loss on acquisition of Ridley Terminals Inc.	255,926

CANADA PORTS CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

4. INVESTMENTS

Short-term investments consist of $17,052,000 of Canada treasury bills (1991—$19,298,000 of which $3,878,000 were of other money market securities). As at December 31, 1992 and 1991, the market value of the short-term investments approximates their amortized cost.

Long-term investments of $18,282,000 (1991—$18,550,000) are Canada bonds and as at December 31, 1992, their market value is $22,088,000 (1991—$22,541,000).

5. FIXED ASSETS

(a) Summary

	1992				1991
	Depreciation rates	Cost or appraised value	Accumulated depreciation	Net	Net
	%	(in thousands of dollars)			
Land		4,931		4,931	4,931
Dredging	2.5-6.7	9,489	6,990	2,499	2,825
Berthing structures	2.5-10	34,474	19,829	14,645	15,375
Buildings	2.5-10	31,906	13,288	18,618	3,765
Coal terminal facility	4-33	22,540	1,488	21,052	21,733
Utilities	3.3-10	4,642	1,909	2,733	1,203
Roads and surfaces	2.5-10	4,108	2,470	1,638	1,643
Machinery and equipment	5-100	27,857	18,544	9,313	2,745
Office furniture and equipment	20	3,874	2,895	979	910
Works under construction		26,703		26,703	35,216
		170,524	67,413	103,111	90,346

(b) Capital grants:

During the year, the Corporation received capital grants towards the construction of fixed assets totalling $12,752,000 (1991—$32,444,000).

(c) Commitments:

Contractual obligations for the completion, construction and purchase of fixed assets are estimated at $1,440,000 of which most will be expended in the year ending December 31, 1993.

The Corporation leases from the Prince Rupert Port Corporation the land on which the coal terminal facility is constructed. The lease is for twenty-five years starting March 31, 1984, with a twenty-year renewal term beginning March 31, 2009. Lease payments are based on throughput charges per tonne which are subject to escalation provisions relating to increases in the Canadian Consumer Price Index for each year.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are deferred revenues of $3,146,000 (1991—$1,183,000) and current portion of long-term loans of $13,834,000 (1991—$11,075,000).

7. DUE TO INTERPORT LOAN FUND

The Interport Loan Fund has provided long-term financing for two capital projects of ports under the administration of the Corporation. It has also provided short-term financing to the Corporation for the interim financing of RTI's operations.

	1992	1991
	(in thousands of dollars)	
(a) Transfers to the Port of Belledune bearing interest at 7.96% to 11.47% and accrued interest of $2,438,000, repayable in twenty blended annual instalments of principal and interest of $2,676,000 commencing December 31, 1993 and maturing December 31, 2012	23,425	12,512
(b) Transfers to the Port of Sept-Îles bearing interest at 7.91% to 9.20%, repayable primarily in twenty blended annual instalments of principal and interest of $2,560,000 and maturing December 31, 2011	23,042	12,900
(c) Transfers to RTI bearing interest at 5.36% and 7.44% and accrued interest of $182,000, repayable with interest in 1993	15,182	15,311
	61,649	40,723
Less: Current portion	(16,119)	(15,561)
	45,530	25,162

Principal repayment requirements over the next five years amount to $15,937,000 in 1993, $1,023,000 in 1994, $1,117,000 in 1995, $1,219,000 in 1996 and $1,331,000 in 1997.

8. LOAN FROM CANADA

	1992	1991
	(in thousands of dollars)	
Loan bearing interest at 6.44% repayable in twenty blended annual instalments of principal and interest of $106,000 and maturing on December 31, 2000	645	1,226
Less: Current portion	(64)	(100)
	581	1,126

Principal repayment requirements over the next five years amount to $64,000 in 1993, $68,000 in 1994, $73,000 in 1995, $77,000 in 1996 and $82,000 in 1997.

CANADA PORTS CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

9. BANK LOANS

The Corporation's subsidiary RTI has two long-term financing agreements with a major Canadian bank as follows:

	1992	1991
	(in thousands of dollars)	
(a) Term loan repayable in specified semi-annual instalments commencing July 31, 1991 through January 31, 2000. Interest is at the bank's prime rate, payable monthly	191,473	194,013
(b) Term loan repayable in specified semi-annual instalments commencing July 31, 1991. Interest was at the bank's prime rate plus 3/8% per annum, payable monthly		14,750
	191,473	208,763
Less: Current portion	(13,770)	(10,975)
	177,703	197,788

Under the loan agreements, the Corporation may utilize bankers' acceptances as all or part of the borrowing.

Loan agreement (a) is guaranteed unconditionally by Canada to a maximum of $230 million, and a $250 million subordinate fixed and floating charge collateral demand debenture is pledged as security. Loan agreement (b) has a $350 million first fixed and floating charge collateral demand debenture, with the coal terminal facility and the lease from Prince Rupert Port Corporation pledged as security therefore.

Principal repayment requirements over the next five years amount to $13,770,000 in 1993, $21,027,000 in 1994, $21,027,000 in 1995, $26,284,000 in 1996 and $31,541,000 in 1997.

In 1992, Canada approved RTI's strategic plan to restructure and reduce its indebtedness. The plan includes primarily a replacement of the existing bank loans with new debt financing in 1993, with a guarantee up to $230 million by Canada and a provision of additional equity of up to $25 million from Canada.

10. CONTRIBUTED CAPITAL

The *Canada Ports Corporation Act* provides that the net revenues from each port under the administration of the Corporation are to be retained for the use of the respective port. Fund transfers between ports can be authorized by the Minister of Transport.

During the year, the Minister of Transport directed the Corporation to transfer an equal amount of funds from each of five divisional ports to Port of Churchill to provide for the latter's 1992 cash shortfall. An amount of $1,225,000 was transferred in 1992 to Port of Churchill.

In 1991, Canada contributed $58,474,000 to the Corporation for the purchase of the remaining shares of RTI.

	1992	1991
	(in thousands of dollars)	
Balance at beginning of the year	111,672	53,198
Contribution from Canada		58,474
Balance at end of the year	111,672	111,672

11. INTERPORT LOAN FUND

In 1988, authority was granted by Canada to the Corporation to establish an Interport Loan Fund (the Fund). This Fund is administered by the Corporation and was established to provide financing for financially viable capital projects of the Corporation and local port corporations. Financing is provided by way of transfers to divisional ports managed by the Corporation and by way of loans to local port corporations. Transfers and loans bear interest at the Crown corporation lending rate, the rate in effect from time to time between Canada and Crown corporations. Earnings of the Fund are pursuant to the terms and conditions under which the Fund was established, restricted to the uses for which the Fund was established. However, as directed by Canada, the Fund also transferred $15 million in 1991 to the Corporation to provide interim financing to RTI.

The balance sheet of the Fund as at December 31 shows:

	1992	1991
	(in thousands of dollars)	
Assets		
Current		
Cash and investments	5,521	4,696
Transfers receivable	16,119	15,561
Loans receivable	72	
	21,712	20,257
Transfers receivable	45,530	25,162
Loans receivable	3,428	
Allowance for doubtful accounts	(1,955)	
	68,715	45,419
Liabilities		
Current		
Accounts payable		25
Fund Balance		
Contributions from Canada	56,650	36,650
Retained earnings	12,065	8,744
	68,715	45,394
	68,715	45,419

CANADA PORTS CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

The investments of the Fund, shown at amortized cost, are direct and guaranteed securities of Canada. As at December 31, 1992 and 1991, the market value of the investments approximates their amortized cost.

In 1992, the Fund advanced $19.7 million to divisional ports and $3.5 million to a local port corporation for their respective capital projects. During the year, Canada invested $20 million in the Fund.

The Fund is committed to provide financing of $22.5 million for financially viable capital projects of divisional ports and a local port corporation over the next two years. As at December 31, 1992, Canada is committed to invest an additional $20 million.

The statement of income and retained earnings of the Fund is as follows:

	1992	1991
	(in thousands of dollars)	
Interest income	5,376	3,430
Allowance for doubtful accounts	(1,955)	
Administrative expenses	(100)	(100)
Net income for the year	3,321	3,330
Retained earnings at beginning of the year	8,744	5,414
Retained earnings at end of the year	12,065	8,744

12. PENSION PLANS

The annual contributions to the Public Service Superannuation Plan represent the liability of the Corporation for the contributory plan and are recognized in the accounts on a current basis.

As at December 31, 1992, the updated actuarial reports of the non-contributory plan indicate that the actuarial present value of the accrued pension benefits amounts to $3,201,000 ($2,737,000—1991) and the value of the pension fund assets, at market value, amounts to $3,745,000 ($3,342,000—1991). The pension expense for 1992 of $380,000 ($132,000—1991) is actuarially determined.

13. RELATED PARTY TRANSACTIONS

Through common ownership, the Corporation is related to all Government of Canada created departments, agencies and Crown corporations.

In accordance with the *Canada Ports Corporation Act*, operating and administrative costs incurred by the Corporation in the amount of $8,250,000 have been recovered from the local port corporations in 1992 (1991—$7,523,000). These recoveries are offset against the related expenses. Operating expenses include rental costs of $1,973,000 (1991—$1,944,000) charged by a local port corporation. At December 31, 1992, $194,000 (1991—$4,346,000) of rental costs are included in accounts payable and accrued liabilities.

Investment income of $3,323,000 (1991—$3,845,000) was earned on Government of Canada securities and interest charges of $87,000 (1991—$100,000) were paid to Canada. Details of other transactions with the Government of Canada are disclosed in notes 4, 5(b) and 9.

14. CONTINGENCIES

Claims aggregating approximately $2,689,000 in respect of lawsuits, guarantees, employee agreements, damages allegedly suffered on the Corporation's property and sundry other matters in dispute have been received by the Corporation but are not reflected in the accounts. In the opinion of the Corporation, the final outcome of such claims should not result in any material financial liability.

The Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from such claims are recorded in the accounts in the year they can be reasonably estimated.

CANADA POST CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management and the Board of Directors are responsible for the consolidated financial statements and all other information presented in this Annual Report in accordance with the *Financial Administration Act* and regulations. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on managament's best estimates and judgements. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

Canada Post Corporation is dedicated to the highest standards of integrity in its business conduct as reflected in its key written policy statements. To safeguard Company assets, Canada Post Corporation has a sound and dynamic set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the *Financial Administration Act* and regulations, as well as the *Canada Post Corporation Act* and by-laws of the Corporation. Internal audits are conducted to assess management systems and practices, and reports are issued to the Management Executive Committee and the Audit Committee of the Board.

The Board of Directors ensures that management fulfils its responsibilities for financial information and internal control principally through the Audit Committee, which is composed of seven directors, six of whom are not employees of the Corporation. The Audit Committee meets quarterly to oversee the internal audit activities of the Corporation, and at least annually to review the consolidated financial statements and the external auditors' report thereon and recommend them to the Board of Directors for approval.

Each year, the Governor in Council appoints the Corporation's external auditors. The Auditor General of Canada and Ernst & Young were reappointed for the current fiscal year. They audit the consolidated financial statements and report to the Audit Committee as well as the Minister responsible for Canada Post Corporation.

Don H. Lander
Chairman and Chief Executive Officer
I.G. Bourne
Vice-President and Chief Financial Officer

AUDITORS' REPORT

TO THE MINISTER RESPONSIBLE
FOR CANADA POST CORPORATION

We have audited the consolidated balance sheet of Canada Post Corporation as at March 31, 1993 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and of its wholly-owned subsidiaries that have come to our notice during our audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Post Corporation Act* and the by-laws of the Corporation and its wholly-owned subsidiaries.

L. Denis Desautels, FCA
Auditor General of Canada

Ernst & Young
Chartered Accountants

Ottawa, Canada
May 5, 1993

CANADA POST CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET MARCH 31
(in thousands of dollars)

ASSETS	1993	1992
Current assets		
Cash and short-term investments	63,417	103,697
Accounts receivable	164,382	131,010
Prepaid expenses	62,928	64,454
	290,727	299,161
Segregated cash and investments (Note 4)	170,145	135,241
Long-term investments (Note 5)	100,716	100,716
Capital assets (Note 6)	1,883,675	1,876,832
Deferred development costs	48,869	49,965
	2,494,132	2,461,915

LIABILITIES AND EQUITY OF CANADA	1993	1992
Current liabilities		
Accounts payable and accrued liabilities	292,014	284,829
Salaries and benefits	179,677	188,257
Deferred revenues	171,450	166,120
Outstanding money orders	42,632	43,407
	685,773	682,613
Long-term debt (Note 7)	135,000	135,000
Employee termination benefits	336,080	332,650
EQUITY OF CANADA		
Contributed capital	1,355,172	1,355,172
Retained earnings (accumulated deficit)	(17,893)	(43,520)
	1,337,279	1,311,652
	2,494,132	2,461,915

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

DON H. LANDER
Chairman and Chief Executive Officer

A. E. DOWNS
Chairman of the Audit Committee

CANADA POST CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED MARCH 31
(in thousands of dollars)

	1993	1992
Revenue from postal operations	3,909,372	3,804,527
Cost of postal operations	3,827,499	3,905,343
Income (loss) from postal operations	81,873	(100,816)
Other income		
Gain on disposal of capital assets	4,396	32,227
Interest	6,927	36,005
	11,323	68,232
Other expense		
Restructuring costs (Note 3)	54,023	81,293
Interest (Note 7)	13,546	13,652
	67,569	94,945
Net income (loss)	25,627	(127,529)
Retained earnings (accumulated deficit)		
Beginning of year	(43,520)	89,746
Dividend		(5,737)
End of year	(17,893)	(43,520)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31
(in thousands of dollars)

	1993	1992
Cash provided by (used for)		
Operating activities		
Net income (loss)	25,627	(127,529)
Items not requiring (providing) cash		
Amortization of capital assets	163,117	160,170
Gain on disposal of capital assets	(4,396)	(32,227)
Accrued employee termination benefits	31,542	15,155
Amortization of deferred development costs	15,020	11,936
	230,910	27,505
Change in non-cash working capital	(28,686)	(39,308)
Employee termination benefit payments	(28,112)	(24,912)
	174,112	(36,715)
Dividend		(5,737)
Investment activities		
Acquisition of capital assets	(180,099)	(95,350)
Increase in long-term investments		(100,716)
Proceeds on disposal of capital assets	14,535	37,864
Increase in segregated cash and investments	(34,904)	(13,492)
Deferred development costs	(13,924)	(15,423)
	(214,392)	(187,117)
Decrease in cash and short-term investments	(40,280)	(229,569)
Cash and short-term investments at beginning of year	103,697	333,266
Cash and short-term investments at end of year	63,417	103,697

The accompanying notes are an integral part of these financial statements.

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993

1. Incorporation

The Corporation was established by the *Canada Post Corporation Act* to operate a postal service on a self-sustaining financial basis while providing a standard of service that will meet the needs of the people of Canada. The Corporation is a Crown corporation included in Part II of Schedule III to the *Financial Administration Act* and is an agent of Her Majesty. The Corporation is exempt from income taxes.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the significant accounting policies of the Corporation follows:

(a) Consolidation

The consolidated financial statements of the Corporation include the accounts of Canada Post Corporation and its wholly-owned subsidiaries, Canada Post Systems Management Limited and CINA Holdings B.V.

(b) Capital assets and amortization

Land, buildings and equipment transferred from the Government of Canada on incorporation were recorded at their fair value at that date, determined as follows:

Land	—market value based on existing use
Buildings	—amortized replacement cost
Plant equipment, vehicles, sales counter and office furniture and equipment, and other equipment	—amortized replacement cost or original cost less estimated amortization

The market value of land and the amortized replacement cost of buildings transferred by the Government of Canada were determined by independent appraisals.

Acquisitions subsequent to incorporation are recorded at cost.

The Corporation has an agreement with both the National Archives of Canada and the Canadian Museum of Civilization to operate, administer and maintain a Canadian Postal Archives and a National Postal Museum, respectively, containing philatelic material, postal artifacts, a postal library and exhibits that trace the history of the mail and other memorabilia. These collections, exhibits and books of undetermined value are not for resale and are recorded at a nominal cost.

Amortization is provided on the straight-line basis over the estimated useful lives of the following assets:

Buildings	30 and 40 years
Plant equipment	4 to 30 years
Vehicles (other than passenger and light-duty commercial)	6 to 10 years
Sales counter and office furniture and equipment	5 to 20 years
Other equipment	5 to 15 years

Amortization is provided on the diminishing balance basis at an annual rate of 30 per cent for all passenger and light-duty commercial vehicles.

(c) Deferred development costs

Costs incurred in the development of new mail products and the retail postal network are deferred and amortized on the straight-line basis over the expected period of economic benefit.

(d) Revenue recognition

Amounts received for which services have not been rendered prior to the end of the year are deferred.

(e) Employee termination benefits

Employees are entitled to specified termination benefits, calculated at salary levels at the time of termination, as provided under collective agreements and conditions of employment. The present value of the projected costs of termination benefits, as determined by actuarial valuation, is recorded in the accounts as a long-term liability. Such benefits accruing to employees, as well as gains and losses arising from actuarial valuation, are included in current operations.

(f) Pension plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employees' contributions on account of current service. These contributions, which amounted to $102,976,000 (1992—$89,448,000), represent the total pension obligations of the Corporation and are included in current operations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

3. Restructuring costs

The Corporation is undertaking a multi-year program of significant initiatives to establish a more efficient and effective postal system. Individual initiatives are approved on an ongoing basis. Costs include the development and implementation of management and operating systems as well as the realignment of resources.

4. Segregated cash and investments

The Corporation has segregated certain cash and investments, recorded at cost, for the purpose only of managing cash flows relating to the employee termination benefits liability.

5. Long-term investments

	1993	1992
	(in thousands of dollars)	
Mortgage receivable	63,900	63,900
Investment in G.D. Net B.V., at cost	32,388	32,388
Other	4,428	4,428
	100,716	100,716

CANADA POST CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

Mortgage receivable

A real estate sales agreement entitles the Corporation to recognize incremental income upon approval of specific zoning densities. The mortgage receivable is revalued annually to the net present value of future cash flows.

6. Capital assets

	1993			1992
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Land	211,170		211,170	215,610
Buildings	1,214,616	433,860	780,756	798,809
Plant equipment	764,986	336,438	428,548	413,722
Vehicles	90,206	67,762	22,444	32,868
Sales counter and office furniture and equipment	375,247	158,111	217,136	220,659
Other equipment	310,401	86,781	223,620	195,163
Collection of postal memorabilia	1		1	1
	2,966,627	1,082,952	1,883,675	1,876,832

7. Long-term debt

(a) *Long-term loan—Government of Canada*

The 10 year $80 million loan from the Government of Canada becomes due and payable on April 27, 1998. Interest is payable semi-annually at the rate of 9.705 per cent per annum.

(b) *Long-term bonds*

The $55 million of non-redeemable bonds mature in March 2016. Interest is payable semi-annually at the rate of 10.35 per cent per annum.

Interest expense on long-term debt was $13,457,000 (1992—$13,457,000).

8. Contingent liabilities

(a) Two complaints have been filed with the Canadian Human Rights Commission, alleging discrimination by the Corporation concerning work of equal value. The Commission has appointed a tribunal to consider one complaint and is in the process of investigating the second. The outcome of these complaints is not currently determinable. Settlement, if any, arising from resolution of these matters, will be recovered in future postal rates (as determined in accordance with the *Canada Post Corporation Act*) and/or from the Government of Canada.

(b) Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which will become payable in future years cannot reasonably be determined. Payments of sick leave benefits are included in current operations.

9. Commitments

The Corporation's future minimum rental payments required under operating leases of facilities with terms in excess of one year are as follows:

	(in thousands of dollars)
1994	76,957
1995	63,525
1996	56,573
1997	36,202
1998	30,263
1999 and thereafter	247,249
	510,769

10. Related-party transactions

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these consolidated financial statements.

(a) *Payments on behalf of postal users*

Where Government policy requires the Corporation to provide services at rates less than costs to the publications industry, and for Government free mail, literature for the blind and Northern air stage services, the Government of Canada compensates the Corporation for foregone postage revenue from those sources. Revenues amounting to $147,983,000 (1992—$183,267,000) are included in revenue from postal operations.

(b) *Property management*

The Corporation has incurred net operating costs of $213,154,000 (1992—$213,081,000) in respect of a property management arrangement with the Department of Public Works to manage substantially all the Corporation's real property. In addition, capital expenditures amounted to $8,619,000 (1992—$3,865,000).

(c) *Other*

The Corporation has other transactions with the Government of Canada, its agencies and other Crown corporations. These include the provision of postal services and the purchase of rail transportation.

As a result of all the above transactions, the amounts due from and to these parties are $23,401,000 (1992—$20,617,000) and $111,900,000 (1992—$126,563,000) respectively.

CANADA POST CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

11. Subsequent event

During May 1993, the legislation to amend the *Canada Post Corporation Act* to provide for the establishment of a share capital structure received royal assent. This Act will come into force on a day to be fixed by order of the Governor in Council.

Under the new legislation, shares would be issued to the Government of Canada based on the net asset value of the Corporation at the date stipulated as deemed appropriate by the Board of Directors, with the approval of Treasury Board. The Corporation would be authorized to issue shares to its employees in accordance with a plan to be developed by the Board of Directors and established by by-law on the recommendation of the Minister, the Minister of Finance and Treasury Board, and following approval of the Governor in Council. Shares to be issued to the employees would be non-voting and not exceed 10 per cent of the issued and outstanding shares of the Corporation.

CANADIAN BROADCASTING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements and all other information presented in this annual report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. These financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with generally accepted accounting principles.

Management of the Corporation maintains books of account, records, financial and management control, and information systems, which are designed for the provision of reliable and accurate financial information on a timely basis. These controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that operations are carried out effectively and that transactions are in accordance with the *Broadcasting Act* and the by-laws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent audit of the annual financial statements and reports on his audit to the Canadian Broadcasting Corporation and the Minister of Communications.

The Board of Directors' Audit Committee, which consists of five members, none of whom is an officer of the Corporation, reviews and advises the Board on the financial statements and the Auditor General's report thereto. The Audit Committee oversees the activities of Internal Audit and meets with management, the Internal Auditor and the Auditor General on a regular basis to discuss the financial reporting process as well as auditing, accounting and reporting issues.

Gérard Veilleux
President

A. Normand Perron
Acting Vice-President, Finance
and Administration

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
CANADIAN BROADCASTING CORPORATION
AND THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Broadcasting Corporation as at March 31, 1993 and the statements of income and expense and reconciliation to government funding basis, proprietor's equity account and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its cash flow for the year then ended in accordance with generally accepted accounting principles. As required by the *Broadcasting Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part III of the *Broadcasting Act* and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 8, 1993

CANADIAN BROADCASTING CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992	LIABILITIES	1993	1992
Current			Current		
Cash and short-term investments	68,330	40,865	Accounts payable and accrued liabilities	166,093	169,559
Accounts receivable	86,177	102,145	Accrued vacation pay	61,180	55,999
Programs completed and in process of production	96,626	74,694		227,273	225,558
Prepaid film and script rights and other expenses	50,042	50,707	Long-term		
	301,175	268,411	Employee termination benefits	112,121	113,391
			Advances from Government of Canada (Note 10)	33,000	33,000
Investment (Note 7)	2,200		Obligations under capital leases (Note 11)	436,126	811
Capital assets (Note 8)	1,266,936	787,892		581,247	147,202
Deferred charges (Note 9)	12,530	16,508			
			PROPRIETOR'S EQUITY		
			Proprietor's equity account	774,321	700,051
	1,582,841	1,072,811		1,582,841	1,072,811

The accompanying notes and schedule A form an integral part of the financial statements.

A. NORMAND PERRON
Acting Vice President, Finance and Administration

Approved on behalf of the Board of Directors:

GÉRARD VEILLEUX
Director

ROBERT KOZMINSKI
Director

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF INCOME AND EXPENSE AND RECONCILIATION TO GOVERNMENT FUNDING BASIS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Income		
Parliamentary operating appropriation (Note 3)	959,062	900,562
Net advertising	304,536	320,098
Miscellaneous	67,265	58,037
	1,330,863	1,278,697
Expense		
Television services (see Schedule A)	941,642	913,528
Radio services (see Schedule A)	307,389	293,453
Corporate management and engineering services	63,915	57,788
Selling and merchandising	47,580	45,785
Specialty services (Note 4)	33,401	32,084
Expense reduction programs (Note 5)	10,659	16,286
Total expense before taxes	1,404,586	1,358,924
Income and large corporation taxes (Note 6)	2,691	1,673
Total expense after taxes	1,407,277	1,360,597
Excess of expense over income	76,414	81,900
Reconciliation to government funding basis		
Add: (Loss) gain on disposal of capital assets	(3,152)	621
Contributions to capital projects	2,685	782
Deduct: Net items not requiring current operating funds (Note 3)	96,210	73,878
Surplus (deficit) for the year	20,263	(9,425)
(Deficit) surplus, beginning of year	(1,094)	8,331
Surplus (deficit), end of year	19,169	(1,094)

The accompanying notes and schedule A form an integral part of the financial statements.

SCHEDULE OF TELEVISION AND RADIO SERVICES EXPENSE
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

SCHEDULE A

	1993	1992
Television Services		
Program Activities		
English		
Network	376,100 (*)	362,505
Regional contributions to network	56,918	45,437
Regional	83,612	86,560
French		
Network	245,297	243,982
Regional contributions to network	24,780	23,129
Regional	37,704	37,753
	824,411	799,366
Distribution Activities		
Network/station distribution	99,281	95,607
Payments to private stations	17,950	18,555
	117,231	114,162
	941,642	913,528
Radio Services		
Program Activities		
English		
Network	64,776 (*)	56,923
Regional contributions to network	23,311	22,831
Regional	74,864	73,047
French		
Network	50,587	50,186
Regional contributions to network	7,944	7,647
Regional	43,032	39,609
	264,514	250,243
Distribution Activities	42,875	43,210
	307,389	293,453

(*) Includes applicable occupancy costs for the new Canadian Broadcasting Centre ($34.1 million), the majority of which do not require current operating funds.

The accompanying notes form an integral part of the financial statements.

CANADIAN BROADCASTING CORPORATION—*Continued*

STATEMENT OF PROPRIETOR'S EQUITY ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance, beginning of year	700,051	651,476
Add (deduct):		
Parliamentary appropriations (Note 3)		
Capital	146,684	126,475
Working capital	4,000	4,000
(Loss) gain on disposal of capital assets	(3,152)	621
Contributions to capital projects	2,685	782
Surplus (deficit) for the year	20,263	(9,425)
Net items not requiring current operating funds (Note 3)	(96,210)	(73,878)
Balance, end of year	774,321	700,051

The accompanying notes and schedule A form an integral part of the financial statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating Activities		
Excess of expense over income	(76,414)	(81,900)
Less: Capital related items	467	(1,403)
Items not involving cash		
Amortization of capital assets	80,311	76,326
Canadian Broadcast Centre interest expense (Note 11(b))	21,738	
Investment (Note 7)	(2,200)	
Amortization of defered charge	710	1,338
Employee termination benefits	(1,270)	10,043
Deferred pension contribution	3,267	(15,252)
Net change in non-cash working capital balances (Note 12)	(3,600)	(11,780)
	23,009	(22,628)
Financing Activities		
Parliamentary appropriations (Note 3)		
Capital	146,684	126,475
Working capital	4,000	4,000
Proceeds on disposal of capital assets/financing from other organizations	3,327	2,626
Capital lease obligations assumed	435,512	2,636
	589,523	135,737
Investing Activities		
Acquisition of capital assets	(149,375)	(126,873)
Capital portion of lease payments	(180)	(2,804)
Building and equipment acquired under capital lease	(435,512)	(2,636)
	(585,067)	(132,313)
Increase (decrease) in cash and short-term investments	27,465	(19,204)
Cash and short-term investments, beginning of year	40,865	60,069
Cash and short-term investments, end of year	68,330	40,865

The accompanying notes and schedule A form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993

1. AUTHORITY AND OBJECTIVE

The Canadian Broadcasting Corporation was first established by the 1936 *Canadian Broadcasting Act* and continued by the 1958, 1968 and 1991 *Broadcasting Acts*. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

As the national public broadcaster, the Canadian Broadcasting Corporation provides radio and television services in both official languages incorporating predominantly and distinctively Canadian programs to reflect Canada and its regions to national and regional audiences.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations are provided for operating expenditures in accordance with Government of Canada policy for funding current operations and are recorded as income. Parliamentary appropriations for capital and working capital are credited to Proprietor's Equity Account.

(b) PROGRAMS COMPLETED AND IN PROCESS OF PRODUCTION

Programs completed and in process of production are stated at cost. Cost includes the cost of goods and services, and the share of labour and overhead expenses applicable to programs.

Program costs are charged to operations as the programs are broadcast or deemed unusable.

(c) FILM RIGHTS

The Corporation enters into contracts for film broadcasting rights. As payments are made under the terms of each contract they are reflected in the accounts as prepaid film rights. The film rights are charged to operations as the films are broadcast or deemed unusable.

(d) CAPITAL ASSETS

Capital assets are recorded at cost. The cost of assets constructed by the Corporation includes material, engineering services, direct labour and related overhead. Amortization is calculated on the straight-line method using rates based on the estimated useful life of the assets as follows:

Buildings	33 years
Technical equipment	
Transmitters and towers	20 years
Other	10 years
Furnishings and office equipment	10 years
Automotive	5 years
Computers	5 years

Major leasehold improvements are capitalized and amortized over the term of the respective leases to a maximum period of five years. Amounts included in uncompleted capital projects are transferred to the appropriate capital asset classification upon completion, and are then amortized according to the Corporation's policy.

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Continued*

(e) CAPITAL LEASES

Assets recorded as capital leases are amortized on the straight-line method over the estimated useful life of the assets or the lease term as appropriate. Obligations recorded under the capital leases are reduced by lease payments net of imputed interest.

(f) PENSION COST AND OBLIGATION

The Corporation provides pensions based on length of service and final average earnings as classified under a number of defined benefit retirement pension arrangements. The administrative costs associated to the management of the pension arrangements are absorbed by the Corporation.

The cost of pension benefits earned by employees is determined using the projected benefit method of actuarial valuation with projected salary increases where appropriate, pro-rated on services and charged to expense as services are rendered. This cost reflects management's best estimate of the pension fund's expected investment yields, and of salary escalations, mortality of members, terminations and ages at which members will retire. The surplus on the introduction of this accounting policy (effective April 1, 1987), adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service life of the employee group.

The difference between the accumulated amounts expensed and the funding contributions is reflected in the balance sheet as a long-term deferred charge or accrued pension liability as the case may be.

(g) EMPLOYEE TERMINATION BENEFITS AND VACATION PAY

Employee termination benefits and vacation pay are expensed as benefits accrue to employees under their respective terms of employment.

(i) Termination benefits are calculated on an actuarial basis taking into account the future expected payments, the probabilities of payment and discount to the valuation date. The present value of the projected cost is recorded in the accounts as a long-term liability.

(ii) Vacation pay is valued at cost calculated at salary levels in effect at the end of the year for all unused vacation pay benefits accruing to employees.

3. PARLIAMENTARY APPROPRIATIONS

The Corporation receives funds from the Parliament of Canada through annual appropriations. The appropriations approved and the payments received by the Corporation for 1993 and 1992 are noted below.

	1993	1992
	(in thousands of dollars)	
Appropriations		
Operating	959,062	900,562
Capital	146,684	126,475
Working Capital	4,000	4,000
	1,109,746	1,031,037

The following summarizes the items included in the statement of income and expense that do not require current operating funds:

	1993	1992
	(in thousands of dollars)	
Amortization of capital assets	80,311	76,326
Canadian Broadcasting Centre interest expense	21,738	
Employee termination benefits and vacation pay	2,864	14,208
Program inventory costs	(9,770)	(1,404)
Deferred pension contribution	3,267	(15,252)
Investment	(2,200)	—
	96,210	73,878

4. SPECIALTY SERVICES

The Corporation operates two specialty services, including CBC Newsworld and Radio Canada International (RCI) and operated the Parliamentary Channels until the cancellation of the agreement with the Speaker of the House effective September 30, 1992. RCI and the Parliamentary Channels were operated under agreements with the Minister of External Affairs and Speaker of the House of Commons, respectively, whereby the cost of the services would be recovered from their funding.

The total cost of the specialty channels for the year and comparative results for 1992 were as follows:

	1993	1992
	(in millions of dollars)	
Cost of specialty services	48.7	47.8
Less government assistance	15.3	15.7
Net expense	33.4	32.1

CBC NEWSWORLD

The Corporation operates CBC Newsworld under a license condition that the operation be reported on an incremental cost/revenue basis. In compliance with the license condition, the Corporation will report the following results for 1993 and has reported the comparative figures for 1992 to the Canadian Radio-Television and Telecommunications Commission.

	1993	1992
	(in millions of dollars)	
Newsworld		
Incremental costs	33.1	29.2
Incremental revenues	32.7	29.0

As at March 31, 1993, the cumulative excess incremental revenues maintained for CBC Newsworld's future activities totalled $0.4 million. These activities are an integral part of the operations of the Corporation. The incremental costs are included in the above specialty services expense and the incremental revenues are reported as income.

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Continued*

5. EXPENSE REDUCTION PROGRAMS

In 1992-93 the Board of Directors approved the continuation of productivity and efficiency measures implemented in 1991-92 to address projected funding shortfalls related to future years activities in order to avoid the need to reduce services. Expenses for this program relate primarily to employee voluntary separations and are summarized as follows:

	1993	1992
	(in millions of dollars)	
Expenditures requiring current operating funds		
—Expense reduction program	16.1	16.3
—Restructuring costs		4.2
Total expenditures requiring current operating funds	16.1	20.5
Less items expensed in previous years	5.4	4.2
Net expense	10.7	16.3

6. INCOME AND LARGE CORPORATION TAXES

The Corporation is a prescribed federal Crown corporation under part LXXI of the Income Tax Regulations and is subject to the provisions of the *Income Tax Act* (Canada). The Corporation is eligible to claim capital cost allowance on its long-term capital leases where funding for the lease obligation is provided over several years. Capital cost allowance is not claimed on other capital assets as the related capital funding is usually received in full in the same year in which the asset is acquired.

During the year, the Corporation incurred large corporation taxes of $2.7 million. In addition, current income tax expense of $2.6 million has been fully offset by the utilization of losses carried forward from previous years.

The Corporation has income tax losses of $5.2 million (1992—$14.6 million) available to reduce taxes payable for years up to 1999 and net unused timing differences of approximately $102.5 million (1992—$100.0 million). The benefit of these items has not been recognized in the financial statements.

7. INVESTMENT

In connection with the Canadian Broadcasting Centre in Toronto, the Corporation entered into agreements, in 1989, with Bramalea Limited (Bramalea) providing for the development of a hotel/condominium complex and the future transfer of the air rights related to the condominium.

On November 9, 1992, the Corporation received official notification from Bramalea that it was not in a financial position to honour its existing contractual arrangements with the CBC. Following Bramalea's filing for court protection under the *Companies' Creditors Arrangement Act*, and the filing by the Corporation of a subsequent motion seeking a ruling that it was not bound by this act, or any order made under it, a Memorandum of Settlement between the CBC and Bramalea was signed by both parties on February 12, 1993, whereby all outstanding claims between parties were settled. In part, the consideration to the Corporation included non-monetary compensation in the form of common shares and common share purchase warrants of Bramalea valued at $2.2 million. The Corporation obtained an Order-In-Council approving this transaction.

The Corporation's title to the development rights is now free and clear of the former interests of Bramalea and the Corporation may now re-market these rights to other developers.

8. CAPITAL ASSETS

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land	36,188		36,188	36,155
Buildings	308,748	149,036	159,712	161,215
Technical equipment	896,178	469,932	426,246	384,954
Furnishings, office equipment and computers	64,169	32,174	31,995	21,635
Automotive	18,492	12,660	5,832	5,222
Leasehold improvements	4,780	3,628	1,152	1,822
Property under capital leases	501,617	733	500,884	785
Uncompleted capital projects	104,927		104,927	176,104
	1,935,099	668,163	1,266,936	787,892

9. DEFERRED CHARGES

(a) DEFERRED PENSION CONTRIBUTION

Projections from the latest actuarial valuations show an estimated present value of accrued pension benefits of $2,156.5 million as at March 31, 1993 (1992—$2,047.7 million) which includes $8.2 million (1992—$6.5 million) of unfunded retirement benefits. Market related values have been used for valuing pension fund assets which, based on financial information as at March 31, 1993, are valued at $2,230.5 million (1992—$2,140.2 million).

The deferred charge as at March 31, 1993 amounts to $10.1 million (1992—$13.4 million) and is the difference between the accumulated pension expense and the required funding contributions.

Effective January 1, 1993, the Corporation adopted a resolution temporarily suspending its contribution to the pension fund to a level which will reduce the December 1991 actuarial surplus by an amount not to exceed $96.0 million.

(b) CBC NEWSWORLD

In the fiscal year 1988-89 the Corporation was granted a license to operate CBC Newsworld which was renewed in 1992-93 for a period of seven years. Total development costs amounting to $6.5 million at August 31, 1989 are being amortized over a seven year period commencing September 1, 1989. Amortization for the year amounted to $0.7 million (1992—$1.3 million). The balance of the deferred charge for CBC Newsworld is $2.4 million at March 31, 1993.

10. ADVANCES FROM GOVERNMENT OF CANADA

Advances from the Government of Canada totalling $33.0 million accumulated to the year ended March 31, 1981. These non-interest bearing advances were made for working capital purposes and become repayable when cash and short-term investments exceed the Corporation's working capital requirements.

Effective in the fiscal year ending March 31, 1982, the Corporation was provided a separate yearly parliamentary appropriation for working capital purposes.

CANADIAN BROADCASTING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Continued*

11. CAPITAL LEASES

(a) OBLIGATIONS UNDER CAPITAL LEASES

As at March 31, the Corporation's obligations related to capital leases, other that the Canadian Broadcasting Centre, are as follows:

	1993	1992
	(in thousands of dollars)	
1993		269
1994	270	269
1995	628	628
Total future payments	898	1,166
Deduct: Imputed interest	87	175
Present value of capital lease obligations	811	991
Deduct: Current portion	196	180
Long-term obligations under capital leases	615	811

(b) CANADIAN BROADCASTING CENTRE, TORONTO

In accordance with Governor in Council approval, the Corporation signed a project agreement, dated September 30, 1988, with Cadillac Fairview Corporation Limited, as the selected developer, for the construction of the Canadian Broadcasting Centre, on the Corporation's site in downtown Toronto.

Upon basic completion of the building, as defined in the agreement to lease between the Corporation and Cadillac Fairview, dated October 14, 1988, the Corporation executed the Broadcast Centre building lease on August 31, 1991, which has a term extending to August 30, 2038. The Corporation is committed to pay rent under all circumstances and in the event of termination of the lease, at the Corporation's option or otherwise, pay sufficient rent to repay all interim and permanent financing on the building. However, management intends to completely discharge its obligation under the lease and obtain free title to the Canadian Broadcasting Centre in 30 years.

Substantial completion of the building was reached on July 9, 1992 at which time the Corporation took occupancy of the building and recorded the capital lease. As at March 31, 1993, the property under capital lease was recorded at $500,311,752 of which $476,342,091 was financed through the developer and the balance of $23,969,661 was CBC capital expenditures related to the building. Over the past 5 years funds totalling $62,568,479, primarily generated from site related land revenues, were advanced to the developer by the Corporation thereby reducing the capital obligation to $413,773,612.

Following substantial completion, and prior to the rent commencement date of April 1, 1993, there was a rent free period during which time interest amounting to $21,738,099 accrued on the outstanding obligation. As a result the total lease obligation at March 31, 1993 was $435,511,711.

Future minimum lease payments, by year and in aggregate, under the capital lease consisted of the following at March 31, 1993:

	(in thousands of dollars)
1994	28,229
1995	31,293
1996	33,872
1997	35,601
1998	37,541
Thereafter (*)	1,336,618
Total minimum future payments (*)	1,503,154
Deduct: Imputed Interest	(1,089,380)
Present value of minimum capital lease obligation	413,774
Accumulated interest obligation during rent-free period (included above)	21,738
Obligation under capital lease	435,512

(*) Consistent with its intention, management has estimated the total amounts payable under the capital lease based on interest rates considered probable for such financing amortized over a 30 year period.

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	1993	1992
	(in thousands of dollars)	
Cash provided by (used for):		
Accounts receivable	15,968	(10,743)
Engineering and production supplies and merchandise		7,691
Programs completed and in process of production	(21,932)	3,706
Prepaid film and script rights and other expenses	665	(8,851)
Accounts payable and accrued liabilities	(3,466)	(7,754)
Short-term portion of capital leases	(16)	(12)
Accrued vacation pay	5,181	4,183
	(3,600)	(11,780)

CANADIAN BROADCASTING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1993—*Concluded*

13. COMMITMENTS

(a) PROGRAM RELATED

As at March 31, 1993, commitments for sports rights amounted to $97.1 million; procured programs, film rights and co-productions amounted to $82.8 million for total commitments of $179.9 million.

(b) OPERATING LEASES

As at March 31, the Corporation's obligations related to operating leases are as follows:

	1993	1992
	(in thousands of dollars)	
1993		49,308
1994	44,801	25,282
1995	35,520	16,071
1996	28,747	10,113
1997	8,177	6,953
1998	7,323	6,826
1999-2062	11,815	10,879
Total future payments	136,383	125,432

14. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits have been brought against the Corporation. In the opinion of management, the losses, if any, which may result from the settlement of these matters are not likely to be material and accordingly no provision has been made in the accounts of the Corporation. In the event that such expenditures were incurred, they would be recognized as period costs.

15. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada.

During the year, transactions with these related departments, agencies and Crown corporations were in the normal course of business on normal trade terms applicable to all individuals and enterprises. Transactions with the Government of Canada are outlined in Notes 3, 4 and 10.

16. COMPARATIVE FIGURES

Certain of the 1992 comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN COMMERCIAL CORPORATION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to Corporate policies and statutory requirements.

The Audit Committee, which is made up of the Corporation's President and all the members of the Board of Directors, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Corporation's external auditors and those conducting its internal audits have full and free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation, and for issuing his report thereon.

Ruth Hubbard
President

F.O. Kelly
Director, Finance and Resources Administration

AUDITOR'S REPORT

TO THE MINISTER OF SUPPLY AND SERVICES

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and by-laws of the Corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 8, 1993

CANADIAN COMMERCIAL CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Cash and short-term deposits (Note 6)	127,702	172,556
Accounts receivable (Note 7)	96,871	100,506
Advances to suppliers	52,848	21,312
Progress claims paid or due	195,758	237,746
	473,179	532,120

LIABILITIES	1993	1992
Accounts payable and accrued liabilities	108,674	110,087
Advances from customers	148,416	135,415
Progress payments received or due	196,110	237,481
Provision for additional contract costs (Note 4)	3,318	1,587
	456,518	484,570
Employee termination benefits	849	1,366
Contingencies (Note 5)		
	457,367	485,936
EQUITY OF CANADA		
Contributed surplus	10,000	20,000
Retained earnings	5,812	26,184
	15,812	46,184
	473,179	532,120

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

RUTH HUBBARD
President

ANDREW E. SAXTON
Director

CANADIAN COMMERCIAL CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenues		
Contract billings (Note 8)	607,355	754,557
Interest and other income	3,481	7,092
	610,836	761,649
Expenses		
Cost of contract billings (Note 8)	607,355	754,557
Additional contract costs (recovery)	2,070	(356)
Administrative expenses	15,283	18,793
	624,708	772,994
Net cost of operations	13,872	11,345

The accompanying notes are an integral part of the financial statements.

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Contributed Surplus		
Contributed surplus at beginning of year	20,000	20,000
Payment to the Government of Canada (Note 1)	(10,000)	
Contributed surplus at end of year	10,000	20,000
Retained Earnings		
Retained earnings at beginning of year	26,184	25,309
Net cost of operations	(13,872)	(11,345)
Parliamentary appropriation (Note 9)	13,500	14,060
Payment to the Government of Canada (Note 1)	(20,000)	(1,840)
Retained earnings at end of year	5,812	26,184

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Financing Activities:		
Parliamentary appropriation drawn down	13,500	14,060
Payment to Government of Canada	(30,000)	(1,840)
Cash (used in) provided by financing activities	(16,500)	12,220
Operating Activities:		
Operations		
Net cost of operations	(13,872)	(11,345)
Net changes in non-cash balance sheet items:		
Operating balances from customers and to suppliers	3,436	11,695
Advances and progress claims from customers and to suppliers	(17,918)	(26,360)
Cash used in operating activities	(28,354)	(26,010)
Decrease in cash and short-term deposits	(44,854)	(13,790)
Cash and short-term deposits at beginning of year	172,556	186,346
Cash and short-term deposits at end of year	127,702	172,556

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Nature, Organization and Funding

The Corporation was established in 1946 by the *Canadian Commercial Corporation Act* and is an agent Crown corporation listed in Part I of Schedule III to the *Financial Administration Act*.

The Corporation acts as the prime contracting agency when other countries and international organizations wish to purchase products and services from Canada on a government-to-government basis. Contracts are made with foreign governments and international organizations and corresponding supply contracts are entered into with Canadian firms by the Corporation (see Note 4).

The February 1992 Budget provided that the organizational structure and activities of the Corporation were to be integrated within Supply and Services Canada (SSC). In keeping with the Budget, the Corporation made a payment to the Government of Canada in the amount of $30 million; that payment was made on March 29, 1993. Of that amount, the Corporation decided that $20 million would be paid from retained earnings and $10 million represents a reduction in contributed surplus. The Corporation will retain $10 million in contributed surplus and also has authority to draw loans from the Consolidated Revenue Fund in amounts up to a total of $10 million as required to supplement its working capital. Annually, the Corporation seeks funding for its operations through Parliamentary appropriation (see Note 9).

The Corporation is not subject to the provisions of the *Income Tax Act*.

CANADIAN COMMERCIAL CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

2. Pending Legislation

Bill C-93, *Budget Implementation (Government Organizations) Act 1992,* has passed the House of Commons and is currently before the Senate. After the Bill is enacted, the Corporation will continue to report to Parliament through the Minister of Supply and Services, and its employees will become public servants employed by the Treasury Board of Canada.

3. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles, and conform in all material respects with International Accounting Standards. A summary of significant policies follows:

(a) Contracts

The Corporation uses a percentage-of-completion method when accounting for contracts involving progress payments. The cost of contract billings and related revenues are recognized on receipt of progress billings from suppliers. Since title has not yet passed to customers, the Corporation recognizes the work-in-progress by suppliers as an asset and the progress claims received or due from customers as a liability. The related work-in-progress and progress claims are reduced when deliveries are accepted by the customer.

Additional contract costs incurred as a result of suppliers failing to fulfil their obligations to the Corporation are determined on a contract-by-contract basis. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(b) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the month in which the transactions occur. Exchange gains arising from translation of foreign currencies are included in other income.

Contracts with foreign governments and corresponding contracts with Canadian suppliers are generally entered into in the same currency. Alternatively, the contract terms in the supplier contract pass the foreign currency risk to the supplier.

The Corporation maintains some working capital in other currencies to facilitate the cash flow between foreign customers and Canadian suppliers.

(c) Pension Plan

Employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(d) Employee Termination Benefits

Employees of the Corporation are entitled to specified termination benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

The liability for employee termination benefits is estimated by management based on current entitlements.

4. Contractual Obligations

The Corporation is obligated to fulfil numerous contracts with foreign customers. These contracts range in value to over one billion dollars. The total contract value remaining to be fulfilled approximates \$2.4 billion as at March 31, 1993 (1992—\$1.2 billion).

The Corporation may incur additional contract costs should suppliers not fulfil the terms of their contracts. The Corporation has recorded a provision of \$3,318,000 as of March 31, 1993 (1992—\$1,587,000), representing management's best estimate of the additional costs which will be incurred by the Corporation to meet its contractual obligations.

5. Contingencies

(a) The Corporation is involved in a material legal action. Specifically, the Corporation has been named as defendant in proceedings commenced in 1975 by a supplier alleging losses resulting from the termination of a contract and seeking damages in an amount of \$6.8 million plus accrued interest and costs. In 1989, the Court ruled in favour of the Corporation on the determination of one of the major issues between the parties. As of March 31, 1993, the balance of the issues in dispute between the Corporation and its supplier are yet to be heard by the Court. Based on the advice of legal counsel, management is of the opinion that no provision for possible loss in respect of this matter is required. Losses, if any, resulting from this contingency will be accounted for as a charge to income when it is first determined that a loss is likely to occur.

(b) The Corporation has been named as respondent in proceedings commenced in 1987 in which a supplier challenged the applicability of the fee for service system, put in place by the Corporation in 1986, to a transaction between this supplier and the Corporation. The Corporation appealed the judgement of the Court of first instance rendered in 1990 which, *inter alia*, granted this supplier's motion. While the Corporation's accounts include management's best estimate of an amount necessary to settle a claim that could be commenced following an unfavourable judgement, management remains confident of its sound legal position.

CANADIAN COMMERCIAL CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

6. Cash and Short-Term Deposits

Cash and short-term deposits include notes receivable of $4,500,000 that matured during the year, but have not been repaid due to the financial difficulties encountered by the issuer. These notes receivable are secured by a first mortgage and an assignment of rental income. Based on an assessment of the value of the underlying security, management is of the opinion that the amount of the notes receivable is fully recoverable, although the exact timing of the recovery is not presently determinable.

7. Accounts Receivable

As at March 31, 1993, the Corporation has accounts receivable from foreign governments of $93,321,000 (1992—$98,784,000), net of a provision of $1,721,000 (1992—$1,721,000) to cover the possible non-collection of certain accounts.

8. Segmented Information

The Corporation facilitates the sale of Canadian goods to foreign governments and international agencies. Export sales were distributed as follows:

	Year ended March 31	
	1993	1992
	(in thousands of dollars)	
U.S. Government	437,331	422,003
Other Foreign Governments	144,712	313,294
United Nations Agencies	25,312	19,260
	607,355	754,557

9. Parliamentary Appropriation

	Year ended March 31	
	1993	1992
	(in thousands of dollars)	
Parliamentary Appropriation	14,902	14,492
Reductions	1,402	432
Utilized	13,500	14,060

10. Related Party Transactions

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these financial statements:

(a) Supply and Services Canada

Supply and Services Canada provides contract management services to the Corporation at predetermined rates approved by Treasury Board, based on the amounts of contracts procured, and provides certain administrative functions at cost. For the year ended March 31, 1993, the cost of these services amounted to $5,198,000 (1992—$7,358,000).

(b) Department of Justice

The Department of Justice represents the Corporation in certain matters. The Corporation pays for amounts billed by Justice related to legal fees and expenses incurred in connection with specific actions but not for general legal services. For the year ended March 31, 1993 the cost of these legal fees and expenses amounted to $892,000 (1992—$888,000).

(c) Other

The Corporation is related in terms of common ownership to all Government of Canada-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

As a result of all of the above transactions, the amounts due from and to these parties are $36,000 (1992—$450,000) and $1,359,000 (1992—$1,434,000) respectively.

11. Insurance

While the Corporation follows the practice of self insuring, specific insurance is carried relating to fraud, computer hardware and software, travel accident and medical.

12. Commitments

Effective April 1986, the Corporation entered into a ten-year lease agreement for office space. The minimum lease payments for the next three years, and in total, excluding property taxes and operating costs, will approximate the following:

	$
1994	940,000
1995	940,000
1996	940,000
	2,820,000

13. Comparative Figures

Certain 1991-92 figures have been reclassified to conform with the current year presentation.

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1993
WERE NOT AVAILABLE AT DATE OF PRINTING

CANADIAN DAIRY COMMISSION—*Continued*

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Dairy Commission and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to Commission policies and statutory requirements.

The Audit Committee of the Canadian Dairy Commission, made up of the Commissioners, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Commission's external auditors and those conducting its internal audits have free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Roch Morin
Chairman

Paul Simard
Director of Finance

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of the Canadian Dairy Commission as at July 31, 1992 and the statement of operations and financing by producer levies and the statement of dairy support program and costs financed by the Government of Canada for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 1992 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Dairy Commission Act* and the by-laws of the Commission.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 2, 1992

CANADIAN DAIRY COMMISSION—*Continued*

BALANCE SHEET AS AT JULY 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Accounts receivable		
Trade	244	1,603
Government of Canada (Dairy Support Program)	22,549	33,431
Producer levies	131,359	70,204
Inventories (Note 4)	94,722	128,345
	248,874	233,583

LIABILITIES	1992	1991
Accounts payable and accrued liabilities	34,246	42,971
Direct support payments payable to producers	22,365	33,407
Allowance for losses on disposal of surplus production (Notes 4 and 5)	32,991	25,827
Loans from Government of Canada (Note 6)	150,791	136,647
	240,393	238,852
EXCESS (DEFICIENCY) OF FINANCING BY PRODUCER LEVIES		
Excess (deficiency) at end of year (Note 3)	8,481	(5,269)
	248,874	233,583

The accompanying notes and schedule are an integral part of these financial statements.

Approved:

ROCH MORIN
Chairman

FRANK CLAYDON
Commissioner

PAUL SIMARD
Director of Finance

CANADIAN DAIRY COMMISSION—*Continued*

STATEMENT OF OPERATIONS AND FINANCING
BY PRODUCER LEVIES
FOR THE YEAR ENDED JULY 31, 1992
(in thousands of dollars)

	1992	1991
Export sales	168,460	138,088
Cost of goods sold	247,727	192,886
Loss on export sales	79,267	54,798
Domestic sales	74,198	55,482
Cost of goods sold	76,687	56,105
Loss on domestic sales	2,489	623
Total loss on sales	81,756	55,421
Assistance and expenses	127,120	137,608
Total cost of operations	208,876	193,029
Less portion of administrative expenses financed by the Government of Canada	3,308	3,501
Net cost of operations financed by producer levies	205,568	189,528
Financing by producer levies (Note 3)	219,318	183,059
Excess (deficiency) in financing of net cost of operations	13,750	(6,469)
(Deficiency) excess at beginning of year	(5,269)	11,975
	8,481	5,506
Refunds of previous years' excess		10,775
Excess (deficiency) at end of year	8,481	(5,269)

The accompanying notes and schedule are an integral part of these financial statements.

STATEMENT OF DAIRY SUPPORT PROGRAM AND COSTS
FINANCED BY THE GOVERNMENT OF CANADA
FOR THE YEAR ENDED JULY 31, 1992
(in thousands of dollars)

	1992	1991
Direct support payments to producers of industrial milk and cream	238,185	254,286
Administrative expenses	3,308	3,501
Cost of production and dairy policy studies	436	786
Total costs financed by the Government of Canada	241,929	258,573

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1992

1. The Commission

The Canadian Dairy Commission (the "Commission"), is an agent Crown corporation named in Part I, Schedule III to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. The objectives of the Commission, as established by the *Canadian Dairy Commission Act*, are "to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality".

The Commission administers the dairy support program financed by the Government of Canada, under which it makes direct support payments to producers. In cooperation with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, the Commission undertakes the management and administration of operations financed by producer levies.

The Commission purchases, at Canadian support prices, all butter and skim milk powder tendered to it. While most of the butter purchased by the Commission is later resold in the domestic market, most of the skim milk powder is in excess of domestic needs and is exported. The Commission sells production surplus to domestic requirements in the form of whole milk products, skim milk powder and butter on international markets at the prevailing world prices. Historically, these prices have usually been lower than Canadian support prices. The Commission also pays assistance to processors and exporters to assist them in disposing of dairy products directly.

2. Significant Accounting Policies

Foreign currency translation

Substantially all sales in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the exchange rates provided therein. Sales in foreign currencies that are not hedged are translated into Canadian dollars at the exchange rate in effect on the transaction date.

Inventories

Inventories are valued at the lower of cost or estimated net realizable value.

Allowance for losses on disposal of surplus production

The Commission establishes an allowance for losses on disposal of surplus production by reference to its outstanding purchase commitments, actual butter inventory levels at year-end relative to the normal levels, and world market prices. The Commission has determined normal year-end butter inventory levels to be 8 million kilograms.

Excess (deficiency) in financing of net cost of operations

Any deficiency or excess in the financing by producer levies of the net cost of operations may be carried forward and applied against future operations or recovered from or refunded to producers as determined by the Canadian Milk Supply Management Committee. Lump sum recoveries or refunds are recorded in the year declared.

CANADIAN DAIRY COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1992—*Continued*

Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contributions to the plan are limited to matching the employee's contributions for current service. These contributions are expensed during the year in which services are rendered and represent the total pension obligations of the Commission.

3. Financing

Government of Canada (Dairy Support Program)

Agriculture Canada provides financing to the Commission for direct support payments to producers of eligible industrial milk and cream up to maximum amounts authorized by the regulations.

A major portion of the Commission's administrative expenses as well as professional services relating to cost of production and other studies are financed by the Government of Canada.

Producer levies

Producers are responsible for all costs of operations not financed by the Government of Canada. These costs are financed through levies agreed to by the CMSMC, charged and collected by the provincial marketing boards and agencies and remitted to the Commission.

Producer levies are comprised of:

	1992	1991
	(in thousands of dollars)	
Industrial milk		
In-quota levies	108,977	143,641
Over-quota levies	78,513	31,273
	187,490	174,914
Fluid milk		
In-quota levies	27,318	
Butterfat skim-off	4,510	8,145
	31,828	8,145
Total	219,318	183,059

In past years, the costs of the Commission's operations not financed by the Government of Canada, have been financed primarily by industrial milk producers. During the year, the Commission began to implement a new CMSMC-approved financing arrangement under which these costs will be financed by provincial levy obligations based on total milk production, which comprises fluid milk sales and industrial milk production. The new arrangement is being phased-in over three years, with 45% of the costs of 1991-92 operations being financed based on total milk production and 55% based on the previous levy structure. The percentage of financing based on total milk production increases to 75% in 1992-93 and 100% in 1993-94.

Levies include $0.14 (to be reduced to $0.08 for 1992-93) per hectolitre to cover the eligible costs associated with actual butter inventories up to normal levels determined by the Commission. Levies also include $0.02 per hectolitre which is intended to finance the processors' share of the Rebate Program for Further Processors. Thirteen percent of the expenses for this program are charged against amounts collected for this purpose.

Amounts funded and expensed for these programs are as follows:

	Eligible Costs Associated with Butter Inventory up to Normal Levels		Rebate Program for Further Processors—Processors' Share	
	1992	1991	1992	1991
	(in thousands of dollars)			
Opening balance	219	1,200		
Funded during year	5,723	5,943	818	
Expensed during year	(5,540)	(6,924)	(331)	
Closing balance	402	219	487	

The closing balances are included in the excess (deficiency) of financing by producer levies at end of year and will be applied against the future costs of the respective programs.

The Commission's administrative expenses of $4.9 million (1991—$5.1 million) have been financed from producer levies and by the Government of Canada in the amounts of $1.6 million (1991—$1.6 million) and $3.3 million (1991—$3.5 million), respectively.

4. Inventories

Inventories are comprised as follows:

	1992	1991
	(in thousands of dollars)	
Cost		
Butter	92,058	76,831
Skim milk powder	12,202	91,061
Other dairy products	5,126	12,342
	109,386	180,234
Less allowance for writedown		
Butter (mainly unsalted)	7,736	1,502
Skim milk powder	4,640	45,732
Other dairy products	2,288	4,655
	14,664	51,889
Net book value	94,722	128,345

In addition, in accordance with the Commission's accounting policies, the allowance for losses on disposal of surplus production has been established at $33.0 million (1991—$25.8 million), primarily for the disposal of surplus butter production.

CANADIAN DAIRY COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1992—*Concluded*

5. Allowance for Losses on Disposal of Surplus Production

In recognition, in part, of the decline in domestic butterfat requirements, the Commission has reduced the normal butter inventory level at year-end from 10 to 8 million kilograms of butter. This has resulted in a $7.9 million increase in the 1991-92 net cost of operations financed by producer levies and in the allowance for losses on disposal of surplus production.

6. Loans from Government of Canada

Loans from the Government of Canada, to a maximum of $300 million, are available to finance operations. Individual loans are repayable within one year from the date the loan is made. Principal and accrued interest are repaid on a regular basis as and when funds are available. The interest rates during the year were in accordance with normal rates established for Crown corporations by the government and varied from 9.897% to 5.283% (1991—13.922% to 8.763%).

Loan transactions for the year are summarized as follows:

	1992	1991
	(in thousands of dollars)	
Balance at beginning of year	136,647	106,283
Borrowings	266,729	234,873
Payments	(252,585)	(204,509)
Balance at end of year	150,791	136,647
Accrued interest at end of year	2,729	2,388

7. Representatives' Fees

The Commission has used the services of representatives for the sale of dairy products on the export market. Total fees for the year were $3.6 million (1991—$2.4 million), and are included in cost of goods sold.

8. Purchase Commitments

As at July 31, 1992, the Commission was committed to purchase butter and skim milk powder produced prior to that date at Canadian support prices and other dairy products produced prior to that date at negotiated contract prices. These commitments amounted to approximately $6.0 million (1991—$12.0 million).

9. Related Party Transactions

Included in export sales is an amount of $13.3 million (1991—$13.3 million) of sales to the Canadian International Development Agency. These sales were carried out in the normal course of business and at the Commission's established sales prices.

In addition, government departments provided the Commission with certain administrative services without charge. The cost of these services is not recorded in the Commission's accounts.

10. Subsequent Event

The Canadian Milk Supply Management Committee, at its meeting of September 23 and 24, 1992, decided that the excess of financing by producer levies as at July 31, 1992 be retained by the Commission and applied against future operations.

11. Financial Statement Presentation

A statement of changes in financial position has not been included because, in the opinion of management, it would not provide any meaningful additional information.

CANADIAN DAIRY COMMISSION—*Concluded*

SCHEDULE OF OPERATIONS BY PRODUCT
FOR THE YEAR ENDED JULY 31, 1992
(in thousands of dollars)

	1992					1991				
	Butter	Skim milk powder	Evaporated milk	Other products*	Total	Butter	Skim milk powder	Evaporated milk	Other products*	Total
Export sales	12,634	115,009	16,490	24,327	168,460	13,916	81,240	10,313	32,619	138,088
Cost of goods sold	33,482	155,134	19,677	39,434	247,727	34,759	99,702	11,104	47,321	192,886
Loss on export sales	20,848	40,125	3,187	15,107	79,267	20,843	18,462	791	14,702	54,798
Domestic sales	71,355	2,843**			74,198	52,730	2,752**			55,482
Cost of goods sold	71,080	5,607			76,687	51,322	4,783			56,105
Loss (margin) on domestic sales	(275)	2,764			2,489	(1,408)	2,031			623
Total loss on sales	20,573	42,889	3,187	15,107	81,756	19,435	20,493	791	14,702	55,421
Assistance and expenses										
Dairy product assistance										
—Export	1,694	1,027	101	44,070	46,892	1,352	631	416	24,772	27,171
—Domestic	1,117	11,527		2,049	14,693	201	9,380			9,581
Inventory writedown	7,736	4,640		2,288	14,664	1,502	45,732	4,275	380	51,889
Promotion and donation	45	260			305	4,067	159			4,226
Carrying charges	6,915	4,386	324	422	12,047	7,768	4,704	561	745	13,778
Provision for doubtful accounts				595	595			39		39
	17,507	21,840	425	49,424	89,196	14,890	60,606	5,291	25,897	106,684
Provision for losses on disposal of surplus production					32,991					25,827
Administrative expenses					4,933					5,097
Total assistance and expenses					127,120					137,608
Total cost of operations					208,876					193,029

* Include whole milk powder and cheese.

** Sold as animal feed.

CANADIAN FILM DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Film Development Corporation as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Canadian Film Development Corporation Act* and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Loans	3,867,474	5,075,838
Parliamentary appropriation receivable	21,692,862	18,362,116
Accounts receivable	2,770,768	2,657,717
Prepaid expenses	253,460	329,328
	28,584,564	26,424,999
Long-term		
Loans	87,408	761,044
Capital assets (Note 3)	4,329,576	4,297,722
	33,001,548	31,483,765

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable	9,357,231	11,425,343
Long-term		
Provision for employee termination benefits	656,600	497,682
Deferred rental reduction	248,416	276,018
	905,016	773,700
	10,262,247	12,199,043
Commitments (Note 7)		
EQUITY OF CANADA		
Equity of Canada	22,739,301	19,284,722
	33,001,548	31,483,765

Approved by the Board:

ANDRÉ PROVOST
Acting Chairman

Approved by Management:

PIERRE DESROCHES
Executive Director

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993

	1993			1992
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Assistance expenses (Note 4)				
English production	39,656,529	21,078,303	60,734,832	59,369,517
French production	26,403,527	10,530,388	36,933,915	42,245,805
Marketing and distribution		20,961,359	20,961,359	23,690,495
Development of the industry		8,270,682	8,270,682	8,992,161
	66,060,056	60,840,732	126,900,788	134,297,978
Revenues				
Interest	265,060	656,820	921,880	879,680
Cost of operations before administration expenses	65,794,996	60,183,912	125,978,908	133,418,298
Administration expenses (Note 5)			7,586,513	7,410,156
Cost of operations for the year			133,565,421	140,828,454

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at beginning of the year	19,284,722	15,052,176
Parliamentary appropriation for the year	144,520,000	145,061,000
Payment to the Consolidated Revenue Fund (Note 6)	(7,500,000)	
Cost of operations for the year	(133,565,421)	(140,828,454)
Balance at end of the year	22,739,301	19,284,722

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Cost of operations for the year	(133,565,421)	(140,828,454)
Items not affecting liquidity		
Loans written-off or converted into investments	481,383	231,801
Amortization	992,681	641,425
Increase in the provision for employee termination benefits	158,918	115,097
	(131,932,439)	(139,840,131)
Net change in non liquidity items of working capital related to operations	(2,105,295)	5,718,363
Increase (decrease) in deferred rental reduction	(27,602)	276,018
	(134,065,336)	(133,845,750)
Investing activities		
Loans	(6,012,000)	(10,649,358)
Reimbursements of loans	7,412,617	7,727,807
Acquisition of capital assets	(1,024,535)	(1,853,583)
	376,082	(4,775,134)
Financing activities		
Parliamentary appropriation for the year	144,520,000	145,061,000
Payment to the Consolidated Revenue Fund	(7,500,000)	
	137,020,000	145,061,000
Parliamentary appropriation receivable		
Increase for the year	3,330,746	6,440,116
Balance at beginning of the year	18,362,116	11,922,000
Balance at end of the year	21,692,862	18,362,116

CANADIAN FILM DEVELOPMENT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and activities

The Corporation was established in 1967 by the *Canadian Film Development Corporation Act* with the objective of fostering and promoting the development of a feature film industry in Canada. The Corporation has since been charged with the administration of the Canadian Broadcast Program Development Fund, established on July 1, 1983, within the framework of the Broadcasting Strategy for Canada as well as with the management of various new programs established under the National Film and Video Policy of May 1984.

The Corporation is a Crown corporation subject inter alia to the provisions of Part VIII of the *Financial Administration Act* as it read before its repeal in 1984 and as if it continued to be named in Schedule C of the Act.

2. Significant accounting policies

(a) Liquidity

The financial operations of the Corporation are processed through the Consolidated Revenue Fund of Canada, thus the absence of bank accounts. For the purposes of the statement of changes in financial position, its liquidity consists of a parliamentary appropriation receivable.

(b) Loans

Loans are shown on the balance sheet at their face value, less an allowance for losses.

(c) Investments

Funds invested in feature films and Canadian programming, in return for a share in the exploitation revenues, are expensed as assistance expenses in the year in which the funds are paid or have become payable.

Reimbursements of investments are credited to expenses as a reduction of assistance expenses made during the year. Any proceeds in excess of the related investment is accounted for as revenues.

(d) Capital assets

Capital assets are recorded at cost.

Amortization is recorded, using the diminishing-balance method, at the annual rate of 30% for the automobile, and 20% for the furniture and equipment and for the computer installations. Leasehold improvements are amortized, using the straight-line method, based on the terms of the leases. Softwares are amortized, using the straight-line method, over a five year period.

(e) Parliamentary appropriation

The parliamentary appropriation voted to the Corporation for its objectives comprises a lapsing amount for the production of Canadian programming and another amount for the development of a feature film industry which can be carried forward to future years up to the amount of unused film receipts. The admissible unlapsed parliamentary appropriation is credited to the Equity of Canada.

(f) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Pension plan

All employees participate in the superannuation plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. This contribution represents the total liability of the Corporation. Contributions in respect of current services and admissible past services are expensed during the year in which payments are made. The terms of payment for past service are set by the applicable purchase conditions in effect, generally over the number of years of service remaining prior to retirement.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. Capital assets

	1993			1992
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Furniture and equipment	1,873,586	1,323,957	549,629	651,103
Computer installations	2,632,057	1,434,636	1,197,421	1,715,582
Leasehold improvements	1,138,565	426,588	711,977	749,600
Automobile	24,465	12,477	11,988	17,125
Softwares	2,301,667	443,106	1,858,561	1,164,312
	7,970,340	3,640,764	4,329,576	4,297,722

CANADIAN FILM DEVELOPMENT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

4. Assistance expenses

	1993			1992
	Canadian programming	Feature films	Total	Total
	$	$	$	$
Investments	71,859,841	62,882,317	134,742,158	143,859,918
Reimbursements from investments	(9,302,107)	(9,433,216)	(18,735,323)	(19,275,302)
Loans written-off or converted into investments	446,383	35,000	481,383	231,801
Reimbursements of loans previously written-off	(14,131)	(147,509)	(161,640)	(158,246)
	62,989,986	53,336,592	116,326,578	124,658,171
Operating expenses (Note 5)	3,070,070	7,504,140	10,574,210	9,639,807
	66,060,056	60,840,732	126,900,788	134,297,978

5. Operating expenses

	1993	1992
	$	$
Salaries and employee benefits	10,422,046	9,912,103
Rent, taxes, heating and electricity	2,295,908	2,084,379
Printing, postage and office expenses	1,341,569	1,438,140
Amortization	992,681	641,425
Travel	826,715	747,953
Professional services	696,255	657,551
Advertising	623,887	608,070
Telephone and telex	355,348	375,710
Relocation	240,947	205,092
Hospitality	225,495	206,303
Consultants' fees	139,872	173,237
	18,160,723	17,049,963
Portion applicable to assistance expenses (Note 4)	10,574,210	9,639,807
Portion applicable to administration expenses	7,586,513	7,410,156

6. Payment to the Consolidated Revenue Fund

In the budget of February 25, 1992, the Government has requested that the Corporation return a part of its receipts. For the year ended March 31, 1993, the Corporation returned $7.5 million to the Consolidated Revenue Fund.

7. Commitments

As at March 31, 1993, the Corporation:

	French projects	English projects	Total
	$	$	$
is contractually committed to advance funds as loans and investments	7,591,061	10,259,785	17,850,846
has accepted to finance projects that may call for disbursements	8,828,296	359,062	9,187,358
	16,419,357	10,618,847	27,038,204

Under a production revenue sharing program, the Corporation has committed funds totalling $3,976,253 as at March 31, 1993, for projects yet to be submitted, under certain conditions.

The Corporation has entered into long-term leases for the rental of office space and equipment used in its operations. The aggregate minimum annual rentals payable during subsequent years are as follows:

	$
1994	2,402,986
1995	2,326,311
1996	2,217,202
1997	2,192,893
1998	2,101,937
1999-2004	7,637,856
	18,879,185

8. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY

AUDITOR'S REPORT

TO THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the Canadian Institute for International Peace and Security as at March 25, 1993 and the statements of operations and equity of Canada and changes in financial position for the period April 1, 1992 to March 25, 1993. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 25, 1993 and the results of its operations and the changes in its financial position for the period April 1, 1992 to March 25, 1993 in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 28, 1993

BALANCE SHEET AS AT MARCH 25, 1993

ASSETS	March 25, 1993	March 31, 1992	LIABILITIES	March 25, 1993	March 31, 1992
	$	$		$	$
Cash and term deposits (Note 4)		1,431,078	Accounts payable and accrued liabilities	47,153	1,337,323
Accounts receivable and accrued interest	69,702	43,291			
Prepaid expenses		163,591			
Furniture, equipment and leasehold improvements (Note 4)		128,764	EQUITY OF CANADA		
			Equity of Canada	22,549	429,401
	69,702	1,766,724		69,702	1,766,724

Termination of the Insitute (Note 2).
Commitments (Note 5).

Approved by:

DAVID BRAIDE
Chairman of the Board

BERNARD WOOD
Chief Executive Officer

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Continued*

STATEMENT OF OPERATIONS AND EQUITY OF CANADA FOR THE PERIOD APRIL 1, 1992 TO MARCH 25, 1993

	1993	1992
	$	$
Expenses		
Programmes		
Research	434,739	1,297,019
Public programmes	419,779	1,428,362
Grants, awards and bursaries	61,748	1,042,448
Information services	136,607	659,014
	1,052,873	4,426,843
General administration and support	715,185	774,380
Total expenses before wind-up cost	1,768,058	5,201,223
Wind-up costs	30,698	1,185,974
Total expenses	1,798,756	6,387,197
Revenue		
Investment and other income	27,499	136,055
Net cost of operations	1,771,257	6,251,142
Parliamentary appropriation	2,000,000	5,000,000
Excess of parliamentary appropriation over net cost of operations (net cost of operations over parliamentary appropriation)	228,743	(1,251,142)
Equity of Canada at beginning of the year	429,401	1,680,543
Equity of Canada before transfer of assets	658,144	429,401
Transfer of assets to Canada (Note 4)	(635,595)	
Equity of Canada at end of the year	22,549	429,401

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE PERIOD APRIL 1, 1992 TO MARCH 25, 1993

	1993	1992
	$	$
Operating Activities		
Cash used in operations		
Net cost of operations	(1,771,257)	(6,251,142)
Items not requiring an outlay of funds		
Amortization	27,893	96,044
Write-off of leasehold improvements		30,804
	(1,743,364)	(6,124,294)
Changes in balance sheet accounts		
Decrease (increase) in prepaid expenses	163,591	(68,682)
Increase in accounts receivable and accrued interest	(26,411)	(5,967)
Decrease (increase) in accounts payable and accrued liabilities	(1,290,170)	1,012,033
	(2,896,354)	(5,186,910)
Investing Activities		
Acquisition of furniture, equipment and leasehold improvements		(29,464)
Financing Activities		
Parliamentary appropriation	2,000,000	5,000,000
Transfer of funds to Canada	(534,724)	
	1,465,276	5,000,000
Decrease in cash and term deposits during the year	(1,431,078)	(216,374)
Cash and term deposits at beginning of year	1,431,078	1,647,452
Cash and term deposits at end of year		1,431,078

CANADIAN INSTITUTE FOR INTERNATIONAL PEACE AND SECURITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 25, 1993

1. Authority and operations

The Institute was established in 1984 under the *Canadian Institute for International Peace and Security Act* (the Act). The Institute is exempt from Divisions I to IV of Part X of the *Financial Administration Act*. The Institute is exempt from any income taxes.

The purpose of the Institute is to increase knowledge and understanding of the issues relating to international peace and security from a Canadian perspective with particular emphasis on arms control, disarmament, defence and conflict resolution, and to:

(a) foster, fund and conduct research on matters relating to international peace and security;

(b) promote scholarship in matters relating to international peace and security;

(c) study and propose ideas and policies for the enhancement of international peace and security; and

(d) collect and disseminate information on, and encourage public discussion of, issues of international peace and security.

2. Termination of the Institute

On February 4, 1993, Bill C-63, an *Act to dissolve or terminate certain corporations and other bodies* (including the Institute), received royal assent. Subsequently, on March 9, 1993, Order In Council P.C. 1993-435 was approved which fixed March 26, 1993 as the day on which sections of the Act pertaining to the dissolution of the Institute would come into force. The relevant sections of the Act pertaining to the Institute state among other things that:

— All rights and property held by the Institute and all obligations and liabilities of the Institute are deemed to be rights, property, obligations and liabilities of Her Majesty.

— Every reference to the Institute in any deed, contract or other document executed by the Institute in its own name shall, unless the context otherwise requires, be read as a reference to Her Majesty.

3. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies followed are:

(a) Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment are amortized on the straight-line basis at an annual rate of 20%. Leasehold improvements are amortized, using the straight-line method, based on the duration of the lease. The unamortized portion of leasehold improvements for the period after July 31, 1992 were written-off as wind-up cost in 1991-92.

(b) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Institute's contributions are equal to the contributions paid by its employees in respect of current services. These contributions represent the total liability of the Institute in respect of the pension plan and are recorded as expenses in the same period as the employees' services are rendered.

(c) Parliamentary appropriation

Parliamentary appropriation is recorded in the accounts on an accrual basis. Furthermore, the Act states that the Institute shall be paid from the Consolidated Revenue Fund the sum of $5 million annually or such greater amount as may be appropriated by Parliament. In 1992-93, the Institute drew down $2 million of its appropriation.

(d) Grants, awards and bursaries

Grants, awards and bursaries are charged to operations when the conditions of the agreement are met by the recipient.

4. Transfer of assets to Canada

The Institute's furniture and equipment were transferred to the Department of External Affairs on July 29, 1992. The net book value of these assets was $100,871. In addition, funds in the amount of $534,724 were remitted to the Consolidated Revenue Fund of the government of Canada on March 25, 1993.

5. Commitments

(a) Office equipment and office lease agreement

The total commitments for office lease payments are estimated at $390,000 for each of the five subsequent years up to May 31, 1998. The lease payments have to be made until the expiry of the agreement and as a result of the termination of the Institute, it is expected that the lease will be transferred to the Department of Public Works. The office lease agreement also calls for a pro rata share of occupancy costs of approximately $235,000 annually.

The Institute is also committed to make payments totalling $53,172 in subsequent years ($24,410 in 1993-94) for office equipment leasing. Future payments will be made by the Department of External Affairs.

(b) Programmes

The Institute is committed to make payments totalling $42,481 in 1993-94 subject to compliance by the recipients with the terms of the agreements. These future payments will be made by the Department of External Affairs.

6. Related party transactions

The Institute is related in terms of ownership to all Government of Canada created departments, agencies and Crown corporations. The Institute enters into transactions with these entities in the formal course of business.

CANADIAN MUSEUM OF CIVILIZATION

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are Management's responsibility.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the *Museums Act* and by-laws of the corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for the financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister of Communications, who is responsible for the Canadian Museum of Civilization.

George F. MacDonald
Executive Director

J. Geurts
Managing Director

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Civilization as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1993

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash, short-term investments and deposit with Receiver General for Canada	8,513	7,620
Accounts receivable (Note 3)	1,110	1,152
Inventories	1,321	1,299
Prepaid and deferred expenses	431	592
	11,375	10,663
Trust accounts (Note 4)	2,160	1,855
Collection	1	1
Capital assets (Note 5)	12,101	13,432
	25,637	25,951

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities (Note 6)	6,790	8,544
Current portion of accrued employee termination benefits	177	122
Deferred revenue	28	30
	6,995	8,696
Long-term		
Accrued employee termination benefits	2,070	1,961
Trust accounts (Note 4)	2,160	1,855
	11,225	12,512
EQUITY		
Equity of Canada (Note 7)	14,412	13,439
	25,637	25,951

Approved by Management:

DR. G. F. MACDONALD
Executive Director

JOE GEURTS
Managing Director

Approved by the Board of Trustees:

PETER A. HERRNDORF
Chairman

RAMSEY M. WITHERS
Trustee

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Expenses		
Personnel costs	25,598	25,359
Professional and special services	4,345	4,134
Amortization	3,170	2,932
Exhibit design and fabrication	3,086	1,386
Furniture and fixtures	1,993	3,148
Protection services	1,147	1,619
Freight and cartage	1,123	949
Marketing and advertising	1,091	1,013
Communications	1,050	792
Cost of goods sold—boutiques	764	721
Rentals—other	678	760
Repairs and maintenance	642	820
Collection acquisitions	399	928
Rentals—films	24	385
Other	389	341
	45,499	45,287
Revenues		
Cinéplus	2,635	2,604
Boutique sales	1,247	1,096
General admissions	1,202	856
Parking	622	603
Interest on cash and short-term investments	558	
Facility rental and food services concession	435	474
Publications	46	170
Other	507	560
	7,252	6,363
Excess of expenses over revenues before parliamentary appropriation	38,247	38,924

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance at beginning of year	13,439	10,883
Excess of expenses over revenues before parliamentary appropriation	(38,247)	(38,924)
Parliamentary appropriation for operations and acquisition of capital assets	39,220	41,480
Balance at end of year	14,412	13,439

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Excess of expenses over revenue before parliamentary appropriation	(38,247)	(38,924)
Items not affecting funds		
Amortization	3,170	2,932
Employee termination benefits	109	395
	(34,968)	(35,597)
Change in non-cash operating assets and liabilities	(1,521)	(1,637)
Funds used for operating activities	(36,489)	(37,234)
Investing activities		
Acquisition of capital assets	(1,838)	(3,671)
Financing activities		
Parliamentary appropriation	39,220	41,480
Increase in cash, short-term investments, and deposit with the Receiver General for Canada	893	575
Balance at beginning of year	7,620	7,045
Balance at end of year	8,513	7,620

CANADIAN MUSEUM OF CIVILIZATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Mission and mandate

The Canadian Museum of Civilization was established on July 1, 1990 by the *Museums Act*. The Canadian Museum of Civilization is an agent Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Canadian War Museum is a component of the Canadian Museum of Civilization.

The mission, as stated in the *Museums Act*, is as follows:

"to increase, throughout Canada and internationally, interest in, knowledge and critical understanding of and appreciation and respect for human cultural achievements and human behaviour by establishing, maintaining and developing for research and posterity a collection of objects of historical or cultural interest, with special but not exclusive reference to Canada, and by demonstrating those achievements and behaviour, the knowledge derived from them and the understanding they represent."

In compliance with the *Museums Act*, assets, liabilities and equity belonging to the Canadian Museum of Civilization were transferred, as of July 1, 1990, from National Museums of Canada to the Canadian Museum of Civilization at book value.

The Canadian Museum of Civilization has entered into a private sector banking arrangement effective April 1, 1992 for its banking needs.

2. Significant accounting policies

(a) Inventories

Inventories, which consist of materials for the boutiques and publications, are valued at the lower of cost and net realizable value.

(b) Collection

The artifact collection forms the largest part of the assets of the Corporation, but it is presented in the balance sheet at a nominal value of $1,000 given the practical difficulties of determining a meaningful value for these assets.

Objects purchased for the collection of the Corporation are, in the year of acquisition, recorded as an expense or accounted for in the Trust account depending on the source of funds. Objects donated to the Corporation are not recorded in the books of accounts.

(c) Capital assets

Capital assets were transferred to the Corporation on July 1, 1990 at the book value, on that date, in the books of the National Museums of Canada. The value has been credited to the equity of Canada. Capital assets acquired since July 1, 1990 are valued at cost.

Amortization is calculated on the straight-line method, commencing in the year the goods are received as follows:

Leasehold improvements	10 years
Office furniture and equipment	8 years
Technical and informatics equipment	5 and 8 years
Motor vehicles	5 years

Since the buildings are not owned by the Corporation, no amortization is taken.

(d) Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan, administered by the Government of Canada. The Corporation matches these contributions equally for each employee for the year in which services are rendered. These contributions are expended during the year in which services are rendered and represent the total obligation of the Corporation for employee pension plan. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(e) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Parliamentary appropriation

The parliamentary appropriation for operating and capital expenditures is credited to the equity of Canada.

3. Accounts receivable

	1993	1992
	(in thousands of dollars)	
Recoveries of goods and services tax	369	573
Trade accounts	268	344
Recoveries of salaries from government departments	48	63
Other	425	172
	1,110	1,152

4. Trust accounts

Receipts such as donations, gifts, or bequests are accounted for as trust accounts. Expenditures relating to these funds are charged against the trust accounts in the year they are made. Transactions in the trusts accounts are not recorded in the statement of operations.

	1993	1992
	(in thousands of dollars)	
Balance at beginning of year	1,855	1,483
Add: Receipts	325	705
Less: Expenditures	20	333
Balance at end of year	2,160	1,855

CANADIAN MUSEUM OF CIVILIZATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

5. Capital assets

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Leasehold improvements	7,908	2,300	5,608	5,718
Office furniture and equipment	5,272	2,299	2,973	3,153
Technical equipment	6,505	4,131	2,374	2,833
Informatics equipment	4,384	3,316	1,068	1,622
Motor vehicles	149	71	78	106
	24,218	12,117	12,101	13,432

6. Accounts payable and accrued liabilities

	1993	1992
	(in thousands of dollars)	
Trade accounts payable	4,854	5,941
Accrued salaries and vacation pay	1,696	2,016
Government departments and agencies	240	587
	6,790	8,544

7. Equity of Canada

The equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the net results of operations of the Corporation since that date. However, it does not reflect the value of land and buildings occupied by the Corporation as these are presently owned and provided without charge by the Government of Canada.

8. Related party transactions

The building space occupied by the Corporation is provided without charge by the Department of Public Works. The Corporation also receives, without charge, accounting, collections management, and auditing services from different government departments and agencies. These services are not reflected in the financial statements.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

9. Commitment

The corporation has entered into a long-term contract for informatics services with a remaining value of $8,881,000.

CANADIAN MUSEUM OF NATURE

MANAGEMENT RESPONSIBILITIES

The Board of Trustees, which is responsible for, among other things, the financial statements of the corporation, delegates to management the responsibility for the preparation of the financial statements and the annual report. Responsibility for their review is that of the Audit and Finance Committee. The financial statements were prepared by management in accordance with generally accepted accounting principles and include estimates based on management's experience and judgement. The financial statements have been approved by the Board of Trustees of the corporation on the recommendation of the Audit and Finance Committee. Other financial and operating information appearing in this annual report is consistent with that contained in the financial statements.

Management maintains books and records, financial and management control and information systems and management practices designed to provide reasonable assurance that: reliable and accurate information is produced on a timely basis; assets are safeguarded and controlled; transactions are in accordance with Part X of the *Financial Administration Act* and its regulations as well as the *Museums Act* and by-laws of the corporation; resources are managed economically and efficiently, and that the operations of the corporation are carried out effectively.

The Board of Trustees of the corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through its Audit and Finance Committee, which is composed of three trustees, none of whom are employees of the corporation. The Audit and Finance Committee discharges the responsibilities conferred upon it by the Board of Trustees, and meets on a regular basis with management, and the Auditor General of Canada, who has unrestricted access to the Committee.

The Auditor General of Canada conducts an independent audit of the financial statements of the corporation in accordance with generally accepted auditing standards.

Alan R. Emery
Director

Jacques Plante
Chief, Finance

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the Canadian Museum of Nature as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 23, 1993

CANADIAN MUSEUM OF NATURE—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash and deposit with the Receiver General for Canada	1,823	3,336
Accounts receivable		
Others	120	162
Government departments and agencies	222	134
Inventories	359	387
	2,524	4,019
Trust account (Note 3)	1,881	1,285
Collections	1	1
Capital assets (Note 4)	2,935	2,916
	7,341	8,221

LIABILITIES AND EQUITY OF CANADA	1993	1992
Current		
Accounts payable and accrued liabilities		
Others	2,201	3,334
Government departments and agencies	458	742
Due to Canada	486	964
Current portion of provision for employee termination benefits	264	265
	3,409	5,305
Provision for employee termination benefits	1,284	1,176
Trust account (Note 3)	1,881	1,285
	6,574	7,766
Equity of Canada	767	455
	7,341	8,221

Approved by the Board of Trustees:

NORMAN E. WAGNER
Chairman

Approved by Management:

ALAN R. EMERY
Director

JACQUES PLANTE
Chief, Finance

CANADIAN MUSEUM OF NATURE—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

		1993		1992
Expenses				
Personnel costs		13,833		14,093
Professional and special services		2,380		2,920
Amortization		1,138		983
Materials and supplies		823		999
Travel		598		656
Communications		438		420
Freight and cartage		209		288
Repairs and maintenance		205		201
Marketing and advertising		128		338
Rentals of equipment		92		547
Exhibit design and fabrication		51		165
Bad debts (recovery)		26		(129)
Acquisitions of objects for collections		25		93
Other		11		5
Total expenses		19,957		21,579
Revenues				
Commercial operations				
Publishing and boutique	404		519	
Cost of goods sold	230		317	
Gross profit		174		202
Admission fees		335		582
Parking		198		211
Rentals of facilities		118		137
		825		1,132
Scientific services		236		530
Education programmes		156		234
Other				171
Total revenues		1,217		2,067
Net cost of operations		18,740		19,512

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance at the beginning of year	455	765
Parliamentary appropriation (Note 6)	19,052	19,202
Net cost of operations	(18,740)	(19,512)
Balance at the end of year	767	455

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Net cost of operations	(18,740)	(19,512)
Items not affecting funds		
Amortization	1,138	983
Change in long-term provision for employee termination benefits	108	44
Net change in non-cash working capital	(1,914)	2,097
Funds applied to operating activities	(19,408)	(16,388)
Investing activities		
Addition to capital assets	(1,157)	(1,561)
Financing activities		
Parliamentary appropriation	19,052	19,202
Increase (decrease) in cash and deposit with Receiver General for Canada	(1,513)	1,253
Cash and deposit at the beginning of year	3,336	2,083
Cash and deposit at the end of year	1,823	3,336

CANADIAN MUSEUM OF NATURE—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. AUTHORITY AND MISSION

The Canadian Museum of Nature was established by the *Museums Act* on July 1st, 1990 and is an agent Crown corporation named in Part I of Schedule III to the *Financial Administration Act.*

The corporation's mission is to increase, throughout Canada and internationally, interest in, knowledge of and appreciation and respect for the natural world by establishing, maintaining and developing for research and posterity a collection of natural history objects, with special but not exclusive reference to Canada, and by demonstrating the natural world, the knowledge derived from it and the understanding it represents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles and reflect the following policies:

(a) Inventories

Inventories of publications and boutique are valued at the lower of cost and net realizable value, cost being determined by the specific item method.

(b) Capital Assets

Capital assets acquisitions are recorded at cost. Amortization is calculated on the straight-line basis based on the estimated useful lives of the assets as follows:

Office equipment	5 to 12 years
Other equipment and furnishings	5 to 10 years
Leasehold improvements	5 and 10 years

Material and equipment acquired for the purpose of the design, development and maintenance of exhibits are charged to operations in the year of acquisition.

(c) Collections

Collections constitute the major part of the corporation's assets, but are shown at the nominal value of $1,000 on the balance sheet. Valuation of collections would be neither practical nor economical and their uniqueness prevents the establishment of a fair value.

Objects purchased for the collections are recorded as expenses in the year of acquisition or charged to the Trust Account, where Trust Account terms explicitely permit purchases of objects for the collections. Objects donated to the corporation are not recorded in the books of accounts.

(d) Pension Plan

The corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made by both employees and the corporation on an equal basis. These contributions represent the total pension obligations of the corporation and are recognized in the accounts on a current basis.

The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(e) Employee Termination Benefits

Employees of the corporation are entitled to specified benefits on termination as provided under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees under the respective terms of employment.

(f) Donated Services

The corporation does not record in the financial statements the value of the following services it receives without charge:

- building space occupied by the corporation provided by Public Works Canada; buildings are either owned and maintained by Public Works or leased/rented for the corporation's benefit;
- cheque issue and accounting services from Supply and Services Canada;
- auditing services from the Office of the Auditor General;
- volunteer and other services donated by individuals and corporate entities.

(g) Parliamentary Appropriation

A parliamentary appropriation funds the net operating expenditures and the acquisition of capital assets. The parliamentary appropriation is credited to the equity of Canada in the year to which it applies.

3. TRUST ACCOUNT

A Trust account is established within the Consolidated Revenue Fund. This account permits the corporation to manage funds donated by and/or received from individuals and corporate entities for the purpose for which funds were donated or received.

Funds deposited in this account earn interest. Transactions are accounted for on a cash basis and are not included in the statement of operations.

	1993	1992
	(in thousand of dollars)	
Receipts		
Gifts and bequests	769	632
Interest	83	70
	852	702
Disbursements	256	162
Excess of receipts over disbursements	596	540
Balance at the beginning of year	1,285	745
Balance at the end of year	1,881	1,285

4. CAPITAL ASSETS

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Office equipment	2,700	1,682	1,018	905
Other equipment and furnishings	3,317	2,248	1,069	1,232
Leasehold improvements	1,198	350	848	779
	7,215	4,280	2,935	2,916

CANADIAN MUSEUM OF NATURE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

5. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

6. PARLIAMENTARY APPROPRIATION

	1993	1992
	(in thousands of dollars)	
Department of Communications —Vote 60 (Vote 55 in 1992)	19,541	19,838
Frozen allotments—Budget reductions	(489)	(636)
Revised level	19,052	19,202
Amount overexpended	-	964
Amount used	19,052	20,166

The appropriation used for 1993 includes an amount of $478,000 representing partial reimbursement to the Government of Canada for the overexpenditure of 1992.

7. COMMITMENTS

As at March 31, 1993, the corporation had outstanding commitments which amounted to $463,000 mainly in respect of security services.

CANADIAN NATIONAL RAILWAY SYSTEM

MANAGEMENT REPORT

The accompanying consolidated financial statements of Canadian National Railway System and all information in this annual report are the responsibility of management and have been approved by the board of directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. These statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of the Company, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls and supports an extensive program of internal audits. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded.

The board of directors carries out its responsibility for the financial statements in this report principally through its audit committee, consisting solely of outside directors. The audit committee reviews the Company's annual consolidated financial statements and recommends their approval by the board of directors. Also, the audit committee meets regularly with the Vice-President Internal Audit and with the Shareholder's Auditors, appointed by the Government of Canada.

These consolidated financial statements have been audited by the Shareholder's Auditors, Raymond, Chabot, Martin, Paré; Poissant Thibault—Peat Marwick Thorne; and Deloitte & Touche whose report is presented below.

Yvon H. Masse
Executive Vice-President and Chief Financial Officer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheets of Canadian National Railway System as at December 31, 1992 and 1991 and the consolidated statements of income, retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1992. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the System as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1992 in accordance with generally accepted accounting principles.

Raymond, Chabot, Martin, Paré
Chartered Accountants
(For the years ended December 31, 1992, 1991 and 1990)

Poissant Thibault—Peat Marwick Thorne
Chartered Accountants
(For the year ended December 31, 1992)

Deloitte & Touche
Chartered Accountants
(For the years ended December 31, 1991 and 1990)

Montreal, Canada
March 2, 1993

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED BALANCE SHEET DECEMBER 31
(in thousands of dollars)

ASSETS	1992	1991
Current		
Accounts receivable	480,655	479,745
Material and supplies	234,793	240,033
Other	274,568	252,815
	990,016	972,593
Investments	133,893	141,469
Properties	5,795,198	5,752,946
Other assets and deferred charges	132,473	97,699
	7,051,580	6,964,707

LIABILITIES		1992		1991
Current				
Bank indebtedness		165,113		29,165
Accounts payable and accrued charges		1,160,967		854,019
Current portion of long-term debt		212,662		281,967
Other		193,876		227,963
		1,732,618		1,393,114
Other Liabilities and Deferred Credits		1,166,655		408,512
Deferred Income Taxes				25,654
Long-Term Debt		1,656,819		1,601,697
Minority Interest in Subsidiary Companies		4,345		4,345
SHAREHOLDER'S EQUITY				
Capital Stock	2,278,867		2,278,867	
Retained earnings	212,276	2,491,143	1,252,518	3,531,385
		7,051,580		6,964,707

See accompanying notes to consolidated financial statements.

On behalf of the board:

BRIAN R.D. SMITH
Director

PAUL M. TELLIER
Director

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991	1990
CN North America			
Canadian Rail Operations			
Revenues	3,461,550	3,489,444	3,398,175
Expenses	4,160,376	3,317,710	3,323,514
Operating income (loss)	(698,826)	171,734	74,661
Other income	1,015	12,878	24,968
Interest	195,853	206,277	202,350
Loss	(893,664)	(21,665)	(102,721)
U.S. Rail Operations			
Revenues	392,213	376,542	431,147
Expenses	547,281	431,672	443,834
Operating loss	(155,068)	(55,130)	(12,687)
Other income (expense)	(2,596)	4,980	5,601
Interest	3,466	2,708	937
Loss	(161,130)	(52,858)	(8,023)
Total CN North America	(1,054,794)	(74,523)	(110,744)
Enterprises Group			
CN Real Estate			
Revenues	67,804	77,449	130,047
Expenses	54,731	57,713	44,647
Operating income	13,073	19,736	85,400
Other income			
Joint ventures	1,387	5,693	12,435
Miscellaneous	3,857	3,259	
Interest	(1,837)	(1,464)	2,165
Income	20,154	30,152	95,670
CN Exploration			
Revenues	36,129	33,322	38,962
Expenses	31,450	29,266	29,428
Operating income	4,679	4,056	9,534
Other income (expense)	(321)	520	631
Interest	2,334	834	1,677
Income	2,024	3,742	8,488
Other			
Revenues	93,763	80,419	79,461
Expenses	89,904	79,327	72,379
Operating income	3,859	1,092	7,082
Other income	11,035	8,988	5,468
Interest			300
Income	14,894	10,080	12,250
Total Enterprises Group	37,072	43,974	116,408
Income (loss) from continuing operations before income taxes	(1,017,722)	(30,549)	5,664
Income taxes	(12,480)	(2,052)	(2,070)
Net income (loss) from continuing operations	(1,005,242)	(28,497)	7,734
Discontinued operations			
Reversal of provisions for disposal costs of previously discontinued operations net of applicable income taxes of $9,560		14,239	
Net income (loss)	(1,005,242)	(14,258)	7,734

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991	1990
Balance, beginning of year	1,252,518	1,266,776	1,260,589
Net income (loss)	(1,005,242)	(14,258)	7,734
Dividend	(35,000)		(1,547)
Balance, end of year	212,276	1,252,518	1,266,776

See accompanying notes to consolidated financial statements.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991	1990
Operating Activities:			
Net income (loss) from continuing operations	(1,005,242)	(28,497)	7,734
Non-cash charges to income:			
Depreciation and amortization	281,080	278,295	269,444
Provision for workforce reduction	887,392		
Change in accounting policy for post-retirement benefits other than pensions	63,575		
Income of equity investees less dividends	(1,913)	(17,232)	(14,634)
Deferred income taxes	(25,654)	(17,729)	(10,747)
Gain on sale of unconsolidated affiliate	(8,271)		
Changes in current assets and liabilities			
Accounts receivable	(910)	(30,147)	(17,643)
Material and supplies	5,240	19,999	(8,876)
Other current assets	(21,753)	27,279	(9,521)
Accounts payable and accrued charges	72,490	27,045	(23,303)
Other current liabilities	8,609	(35,209)	8,613
Other	51,538	47,295	(44,008)
Cash from continuing operations	306,181	271,099	157,059
Investing Activities:			
Additions to properties	(333,851)	(239,040)	(327,175)
Net proceeds from disposal of properties	10,589	18,049	61,916
Investments in unconsolidated affiliates	(1,723)	(7,815)	(24,472)
Advances from unconsolidated affiliates	5,208	14,097	17,513
Proceeds from sale of unconsolidated affiliate	10,521		
Repayment of advances by unconsolidated affiliates	3,624	3,359	1,194
	(305,632)	(211,350)	(271,024)
Dividends paid to shareholder	(77,697)		(56,533)
Cash provided (used) before financing activities	(77,148)	59,749	(170,498)
Financing Activities:			
Issuance of long-term debt	371,322	155,144	10,396
Reduction of long-term debt	(430,122)	(130,008)	(82,672)
	(58,800)	25,136	(72,276)
Net increase (decrease) in cash	(135,948)	84,885	(242,774)
Cash (bank indebtedness), beginning of year	(29,165)	(114,050)	128,724
Bank indebtedness, end of year	(165,113)	(29,165)	(114,050)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

All references in these Notes to the "Company" refer to Canadian National Railway Company which is wholly-owned by the Government of Canada and, unless the context otherwise requires, its consolidated subsidiaries, and all references to the "System" mean Canadian National Railway Company and its consolidated subsidiaries together with the lines of railway and other property entrusted by the Government of Canada to the Company for management and operation.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of all significant subsidiaries and, consistent with the legislation governing the System, the accounts of the Canadian Government Railways entrusted to the Company by the Government of Canada.

Investments in entities in which the Company has less than a majority interest are accounted for by the equity method, where appropriate.

(b) Reporting by Division

In presenting the results by division, interdivisional charges for services have not been eliminated. Consolidated net income is not affected by this practice.

(c) Material and Supplies

The inventory is valued at laid down cost based on weighted average cost for ties and rails, latest invoice price for fuel and new materials in stores, and at estimated utility or sales value for usable second hand, obsolete and scrap materials.

(d) Properties

Accounting for railway properties is carried out in accordance with rules issued by the National Transportation Agency of Canada (Canadian properties) and the Interstate Commerce Commission (United States properties). Generally, major additions and replacements are capitalized and interest costs are charged to expense.

The cost of depreciable railway assets retired or disposed of, less salvage, is charged to accumulated depreciation, in accordance with the group plan of depreciation. Other depreciable assets retired or disposed of are accounted for in accordance with the unit plan whereby gains or losses are taken into income as they occur.

The Company follows the successful efforts method of accounting for its oil and gas operations whereby the acquisition costs of oil and gas properties, the costs of successful exploratory wells and the costs of drilling and equipping development wells are capitalized.

CN Real Estate's properties are stated at cost. Carrying costs of properties under development are capitalized. Such costs include real estate taxes, insurance, interest and other expenses directly related to the development activity.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(e) Depreciation

Depreciation is calculated on a straight-line basis at rates sufficient to allocate the cost of properties over their estimated useful lives. For railway properties, depreciation rates are authorized by the National Transportation Agency of Canada and the Interstate Commerce Commission. The rates for significant classes of assets are as follows:

	Annual Rate
Ties	2.71%-2.73%
Rails	1.93%
Other track material	2.40%-3.32%
Ballast	3.27%
Road locomotives	4.30%
Freight cars	0.63%-3.15%

Acquisition costs of oil and gas properties are amortized on a straight-line basis over the term of the lease until such time as the properties are determined to be productive or judged to be impaired. Acquisition costs of productive properties and costs of successful exploratory drilling and of drilling and equipping development wells are charged against income on the unit-of-production method based upon proven reserves of oil and gas. Exploratory dry hole and acquisition costs judged to be impaired are charged against income in the current period. Other exploratory expenditures are charged against income as incurred.

CN Real Estate assets are depreciated using the straight-line method calculated over the estimated economic life of the asset.

(f) Revenues

Transportation: Revenues are generally recognized on completion of movements, with interline movements being treated as complete when the shipment is turned over to the connecting carrier. Costs associated with movements not completed are deferred.

Real estate: Rental revenues are recognized as earned. Revenues from disposition of properties are recognized on completion of the sale. The share of income from joint ventures is recognized on an equity basis and reported as Other income.

(g) Pensions

Pension costs are determined periodically by independent actuaries. Pension expense is charged annually to operations and comprises the total of the following:

— the cost of pension benefits provided in exchange for employees' services rendered during the year, and

— amortization of past service costs over the expected average remaining service life of the employee group covered by the plans.

The pension plans are funded through contributions determined in accordance with the accrued benefit actuarial cost method.

(h) Post-Retirement Benefits Other Than Pensions

In December of 1992, the Company adopted prospectively the policy of accruing life insurance programs, medical benefits and supplemental pension allowances not covered in the Company's principal pension plans. Such costs had previously been expensed when paid. Free rail travel benefits continue to be accounted for as the expense is incurred.

(i) Foreign Exchange

The Company's foreign operations are classified as integrated and are translated and accounted for on the following bases. Current assets (excluding material and supplies), current liabilities and long-term debt are translated at the rates in effect at the balance sheet date, whereas all other assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates during the year except for depreciation which is translated at exchange rates prevailing when the related properties were acquired.

The Company's own foreign denominated assets and liabilities are accorded similar treatment. Revenues and expenses are translated at rates prevailing at the time of the transactions except for revenues designated as a hedge against repayment of foreign denominated long-term debt which are translated at the rate in effect at the inception of the debt.

Currency gains and losses are reflected in net income for the year, except for unrealized foreign currency losses on long-term debt. The Company has designated future U.S. dollar revenue streams as a hedge against the repayment of most of its long-term debt denominated in U.S. dollars, and has thus deferred reflecting the related unrealized foreign currency translation losses in net income until the earlier of the debt repayment or the expiry of the hedge. Unrealized foreign currency losses related to long-term debt denominated in U.S. dollars not covered by the hedge are deferred and amortized over the remaining life of the debt. Such deferred amounts are included in the Consolidated Balance Sheet as part of Other Assets and Deferred Charges.

2. SPECIAL CHARGES

(a) Workforce Reduction Charge

A provision of $921.8 million has been made by the Company in respect of a program to improve productivity through workforce reductions. The provision includes elements of cost in Canada and the United States relating to severance payments, early retirement incentives, bridging to early retirement, relocations and foreign exchange. Of the total provision, $887.4 million is charged to 1992 operations and $34.4 million relates to prior years. The current portion of the provision is included in the Consolidated Balance Sheet as part of Accounts payable and accrued charges and the balance as part of Other Liabilities and Deferred Credits.

(b) Post-Retirement Benefits Other Than Pensions

The adoption of a new accounting policy for post-retirement benefits other than pensions resulted in the Company's recording an additional charge to 1992 operations of $63.6 million. The current portion of the provision giving rise to this charge is included in the Consolidated Balance Sheet as part of Accounts payable and accrued charges and the balance as part of Other Liabilities and Deferred Credits.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

3. INVESTMENTS

	Percentage of Voting Interest	December 31 1992	December 31 1991
		(in thousands of dollars)	
Entities accounted for by equity method:			
CNCP Niagara-Detroit Partnership	50%	18,704	19,305
The Toronto Terminals Railway Company	50%	11,260	11,260
Other		51,142	55,288
		81,106	85,853
Other investments at cost less provisions for impairment where applicable		52,787	55,616
Total		133,893	141,469

4. PROPERTIES

	December 31, 1992			December 31, 1991		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
			(in thousands of dollars)			
Canadian Rail Operations						
Track and Roadway	5,444,197	1,747,988	3,696,209	5,321,267	1,681,657	3,639,610
Buildings	739,502	347,008	392,494	731,399	336,576	394,823
Rolling Stock	1,619,285	775,132	844,153	1,614,435	770,036	844,399
Other	950,867	754,050	196,817	926,333	698,249	228,084
	8,753,851	3,624,178	5,129,673	8,593,434	3,486,518	5,106,916
U.S. Rail Operations	547,840	166,877	380,963	527,107	152,807	374,300
Enterprises group:						
CN Real Estate	192,475	27,462	165,013	175,612	24,952	150,660
CN Exploration	144,829	80,802	64,027	136,913	70,835	66,078
Other	77,011	21,489	55,522	75,685	20,693	54,992
	9,716,006	3,920,808	5,795,198	9,508,751	3,755,805	5,752,946
Amounts included above with respect to Canadian Government Railways entrusted to the Company by the Government of Canada	1,087,905	637,131	450,774	1,066,050	610,318	455,732

At December 31, 1992 the gross value of assets under capital leases included above was $102.7 million (1991—$102.6 million) and related accumulated amortization thereon amounted to $27.5 million (1991—$23.0 million).

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

5. LONG-TERM DEBT

	Maturity	Currency in which payable	December 31 1992	December 31 1991
			(in thousands of dollars)	
Bonds, Debentures and Notes				
Canadian National 11 3/8% 8 Year Notes	June 11, 1993	Canadian		100,000
Canadian National 9 7/8% 8 Year Notes	Mar. 18, 1994	Canadian	100,000	100,000
Canadian National 12 1/2% 10 Year Notes	Apr. 15, 1995	Canadian		100,000
Canadian National 6 1/2% 10 Year Japanese Yen Notes (a)	Mar. 26, 1996	Canadian	70,000	70,000
Canadian National 9 3/8% 10 Year Notes	Oct. 1, 1996	Canadian	100,000	100,000
Canadian National 8 1/4% 5 Year Notes	July 21, 1997	Canadian	200,000	
Canadian National 9 1/4% 20 Year Sinking Fund Debentures	Mar. 15, 1998	United States	17,804	35,609
Canadian National 10% 7 Year Notes	Oct. 23, 1998	Canadian	150,000	150,000
Canadian National 9 5/8% 7 Year Notes	May 14, 1999	Canadian	150,000	
Canadian National 5 3/8% 15 Year Swiss Franc Bonds (b)	Aug. 22, 2000	Canadian	98,617	98,617
Canadian National 8 7/8% 15 Year Notes	May 21, 2001	Canadian	150,000	150,000
Canadian National 8 3/8% 25 Year Sinking Fund Debentures	July 1, 2002	United States	52,968	58,264
Canadian National 9.70% 25 Year Sinking Fund Debentures	July 15, 2004	United States	108,463	130,622
Canadian National 13% 20 Year Sinking Fund Debentures	Nov. 15, 2004	Canadian	80,392	83,660
Canadian National 12 1/4% 20 Year Sinking Fund Debentures	May 1, 2005	Canadian	116,666	120,833
Canadian National 14% 25 Year Sinking Fund Debentures	Jan. 15, 2006	United States	26,199	54,506
Canadian National 15% 25 Year Sinking Fund Debentures	June 1, 2006	United States		28,696
Canadian National 16 1/4% 25 Year Sinking Fund Debentures	Mar. 1, 2007	United States		41,291
Canadian National 14 3/4% 30 Year Sinking Fund Debentures	Sept. 1, 2012	United States	27,824	55,722
Canadian National 12% 30 Year Sinking Fund Debentures	Mar. 15, 2013	United States	122,548	122,548
Buffalo and Lake Huron 5 1/2% 1st Mortgage Bonds	Perpetual	Sterling	795	795
Buffalo and Lake Huron 5 1/2% 2nd Mortgage Bonds	Perpetual	Sterling	1,228	1,228
Total Bonds, Debentures and Notes			1,573,504	1,602,391
Government of Canada Loan (c)			117,017	132,981
Other				
Amounts owing under equipment purchase agreements (d)		Various	90,168	76,477
Syndicated loan		Canadian		42,610
Capital lease obligations (e)		Various	85,113	89,013
Adjustment to current exchange rate (see Note 1 (i))			25,750	(16,446)
Total Other			201,031	191,654
			1,891,552	1,927,026
Less: In-substance defeasance (f)			26,199	38,507
Current portion of long-term debt			212,662	281,967
Unamortized (premium) discount and other			(4,128)	4,855
			234,733	325,329
Long-Term Debt			1,656,819	1,601,697

(a) The Company borrowed $70.0 million at an all-inclusive cost of 10.25% by means of a Euro-yen public note issue and a currency swap.

(b) The Company borrowed $98.6 million at an all-inclusive cost of 11.17% by means of a public bond issue in Switzerland and a currency swap.

(c) The Government of Canada loan bears interest at 8 3/4% per annum and is payable in equal semi-annual instalments of $13.63 million covering principal and interest to June 30, 1998.

(d) Secured by rolling stock and payable by semi-annual or quarterly instalments over various periods to 2002 at interest rates ranging from 85/8% to 133/4%. As at December 31, 1992, the principal amounts are payable as U.S. $36.3 million and Canadian $42.5 million (December 31, 1991—U.S. $41.8 million, Canadian $22.2 million).

(e) Interest rates for these leases range from approximately 7% to 171/2% with expiry dates occurring during the years 1993 through 2004. The imputed interest on these leases amounts to $57.6 million (1991—$44.6 million).

(f) Certain of the Company's long-term debt is considered to be extinguished as a result of the Company's having placed in irrevocable trusts government securities sufficient to satisfy the interest and maturing principal requirements of the specific debt obligations involved.

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

(g) Principal repayments, including sinking fund repayments, repurchase arrangements and capital lease repayments, on debt outstanding at December 31, 1992, are as follows:

Year ending December 31	(in thousands of dollars)
1993	212,662
1994	168,302
1995	63,474
1996	229,774
1997	263,637
1998-2002	791,993
2003-2007	129,209

6. SHAREHOLDER'S EQUITY

(a) Capital Stock

The capital stock of Canadian National Railway Company, $2,278,866,774, consists of 5,868,786 common shares of no par value authorized, issued and outstanding which are owned by the Government of Canada.

(b) Retained Earnings

The Company is required, under the *Financial Administration Act*, to submit a dividend proposal as part of its corporate plan. The Governor in Council may prescribe, waive or vary the dividend proposed. Prior to amendments in 1992 to its governing legislation, the Company was required to pay to the Receiver General for Canada a dividend equal to 20% of net income for the year, or such greater percentage as the Governor in Council might have directed.

On March 31, 1992 the Company paid to the Government of Canada an amount of $42.7 million representing dividends which had previously been accrued based on 20% of income in the years 1989 and 1990. On the same date, pursuant to direction by the Government of Canada contained in an Order in Council issued March 27, 1992, the Company paid a dividend of $35 million to its shareholder as an advance partial payment in respect of the proceeds to be received from the eventual sale of CN Exploration.

7. MAJOR COMMITMENTS AND CONTINGENCIES

(a) Operating Leases

The Company's commitments as at December 31, 1992, under such leases, are in the aggregate $1,643.1 million, with annual net minimum payments in each of the five years following 1992 of: 1993—$154.6 million; 1994—$146.5 million; 1995—$138.0 million; 1996—$139.9 million; 1997—$150.1 million.

(b) Other Commitments

The Company has commitments at December 31, 1992, for capital expenditures of $31.5 million for rolling stock, $23.7 million for railway ties, $10.4 million for rail, and $22.0 million related to the St.Clair River Tunnel project.

(c) Contingencies

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries, damage to property and environmental matters. While the final outcome with respect to actions outstanding or pending at December 31, 1992 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the System's financial position.

8. DISCONTINUED OPERATIONS

(a) Income from discontinued operations in 1991 included amounts totalling $23.8 million less income taxes of $9.6 million representing reversals of portions of estimated disposition costs of certain operations discontinued in prior years. The actual cost incurred proved to be less than the amounts initially estimated.

(b) Subsequent to year end 1991, the Company commenced implementation of a plan to dispose of its CN Exploration division and accordingly reclassified that division's net income as income from discontinued operations in the annual financial statements for 1991 and in the interim financial statements for the first quarter of 1992. The Company invited binding offers for the purchase of the division and such offers were tendered on May 1, 1992. Since the Company concluded that none of the bids received were acceptable and terminated the bidding process, CN Exploration's results of operations have been reclassified as income from continuing operations. CN Exploration remains a candidate for future privitization.

9. SUBSIDIES

Revenues include the following subsidies:

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
Government of Canada			
(a) Payments under the *Railway Act* paid under authority of that Act and the related *Appropriation Act* in respect of certain uneconomic operations, services and prescribed rates which railways are required by the *Railway Act* to maintain	10,997	8,065	23,180
(b) *Maritime Freight Rates Act* and *Atlantic Region Freight Assistance Act* subsidies	15,338	15,279	14,383
	26,335	23,344	37,563

CANADIAN NATIONAL RAILWAY SYSTEM—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Continued*

10. PENSIONS

The Company has retirement benefit plans covering substantially all its employees under which they are entitled to benefits at retirement age generally based on compensation and length of service and/or contributions.

The actuarial valuations as at December 31, 1991, revealed a consolidated actuarial liability of $7,439 million and a consolidated actuarial asset value of $6,976 million. It is estimated that those amounts could approximate $7.6 billion and $7.1 billion respectively as at December 31, 1992. Subsequent actuarial valuations will determine the actuarial values at that date.

Annual pension costs were:

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
	104,615	114,678	123,402

11. SYSTEM INTEREST EXPENSE

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
Interest on long-term debt	194,422	196,706	207,387
Interest on short-term borrowings	6,191	12,709	4,348
Interest income	(797)	(1,060)	(4,306)
	199,816	208,355	207,429

12. INCOME TAXES

(a) The Company's provision for income taxes on continuing operations is made up as follows:

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
Provision for (recovery of) income taxes on income from continuing operations based on combined basic Canadian federal and provincial tax rate for 1992 of 41.6% (1991—41.0%, 1990—40.8%)	(423,372)	(12,529)	2,313
Increase (decrease) in taxes resulting from:			
Gain on sales of land	(3,548)	(6,970)	(14,826)
Gain from sale of an investment	(860)		
Federal large corporations tax	12,840	14,800	7,400
Other	5,110	2,647	3,043
Losses for which tax benefit is not recognized	397,350		
Actual recovery of income taxes from continuing operations	(12,480)	(2,052)	(2,070)
Represented by:			
Current	13,174	15,677	8,677
Deferred	(25,654)	(17,729)	(10,747)
	(12,480)	(2,052)	(2,070)

Deferred income taxes resulted primarily from the difference between capital cost allowance claimed for income tax and depreciation recorded for accounting purposes.

(b) The Company has timing differences of approximately $900 million which are available to reduce taxable income of future years.

(c) Investment tax credits are also available to reduce future income taxes otherwise payable until the related year of expiry as follows:

Year of expiry	(in millions of dollars)
1993	25.9
1994	33.9
1995	29.7
1996	18.9
1997	14.0
1998	9.0
1999	2.1
2000	1.4
2001	0.9

13. SEGMENTED INFORMATION

(a) Geographic Areas

Virtually all of the System's operations and assets are within Canada with the exception of U.S. Rail Operations.

(b) International Traffic

In addition to the revenue generated by U.S. Rail Operations, the System derives revenue from traffic originating or terminating on railroads in the United States. In 1992, such revenues approximated $666 million (1991—$629 million, 1990—$604 million).

(c) Revenues by Division

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
CN North America:			
Canadian Rail Operations	3,461,550	3,489,444	3,398,175
U.S. Rail Operations	392,213	376,542	431,147
Enterprises group:			
CN Real Estate	67,804	77,449	130,047
CN Exploration	36,129	33,322	38,962
Other	93,763	80,419	79,461
	4,051,459	4,057,176	4,077,792

CANADIAN NATIONAL RAILWAY SYSTEM—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—*Concluded*

(d) Identifiable Assets by Division

	Year ended December 31		
	1992	1991	1990
	(in thousands of dollars)		
CN North America:			
Canadian Rail Operations	6,119,228	6,077,560	6,086,633
U.S. Rail Operations	540,470	504,038	557,807
Enterprises group:			
CN Real Estate	235,122	224,861	218,502
CN Exploration	69,595	71,977	71,035
Other	87,165	86,271	94,291
	7,051,580	6,964,707	7,028,268

(e) Capital Expenditures and Depreciation by Division

	Year ended December 31					
	Capital Expenditures*			Depreciation		
	1992	1991	1990	1992	1991	1990
	(in thousands of dollars)					
CN North America:						
Canadian Rail Operations	282,012	193,965	285,336	251,687	251,296	244,029
U.S. Rail Operations	21,972	9,927	20,670	14,583	13,965	13,675
Enterprises group:						
CN Real Estate	18,054	20,123	6,430	2,959	1,870	1,844
CN Exploration	9,741	13,541	12,634	10,241	9,270	8,534
Other	2,072	1,484	2,105	1,540	1,530	1,363
	333,851	239,040	327,175	281,010	277,931	269,445

* Represent additions to properties.

14. OTHER MATTERS

(a) The Company carries on ordinary business transactions with various entities controlled by the Government of Canada on the same terms and conditions as current transactions with unrelated parties.

In addition, the Company provides, under contractual arrangements, rail transportation and maintenance services to the Government of Canada and to entities controlled by the latter. The revenue derived from such services rendered in 1992 aggregated $88.3 million (1991—$91.8 million, 1990—$102.1 million).

(b) Following enactment of the *Western Grain Transportation Act*, which became effective on January 1, 1984, the Government of Canada, in order to minimize the cost to grain shippers, pays a portion of the cost of shipping grain. Amounts received from the Government of Canada under the *Western Grain Transportation Act* amounted to $395.4 million in 1992 (1991—$414.3 million, 1990—$335.3 million), a reflection principally of the volume of grain handled.

15. RECLASSIFICATION OF COMPARATIVE FIGURES

During 1992, changes were made to improve the classification of certain items and for comparative purposes the 1991 and 1990 figures have been reclassified.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Canadian National (West Indies) Steamships Ltd. as at June 17, 1992 and the statement of income and retained earnings for the period January 1 to June 17, 1992. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at June 17, 1992 and the results of its operations for the period January 1 to June 17, 1992 in accordance with generally accepted accounting principles. As required by the *Financial Administration Act,* I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
January 6, 1993

BALANCE SHEET AS AT JUNE 17, 1992

ASSETS	June 17, 1992	December 31, 1991
	$	$
Cash	976	859
Deposit with Receiver General for Canada		95,000
Term deposit (Note 2)		1,548,466
	976	1,644,325

LIABILITIES	June 17, 1992	December 31, 1991
	$	$
Due to Canada (Note 3)		324,024
EQUITY OF CANADA		
Capital stock		
Authorized and issued		
10 Class A shares without par value	976	976
Retained earnings		1,319,325
	976	1,320,301
	976	1,644,325

Approved by the Board of Directors:

M. BRENNAN
Director

N. VAN DUYVENDYK
Director

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LTD.—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD JANUARY 1 TO JUNE 17, 1992

	1992	Year ended December 31, 1991
	$	$
Interest income	30,026	137,849
Matured bonds—unclaimed (Note 4)		14,025
	30,026	151,874
Expenses		
Filling fees and bank charges	70	52
Net income for the period	29,956	151,822
Retained earnings at beginning of the period	1,319,325	1,167,503
Dividends	(1,349,281)	
Retained earnings at end of the period		1,319,325

NOTES TO FINANCIAL STATEMENTS
JUNE 17, 1992

1. Authority, activities and dissolution

Canadian National (West Indies) Steamships Ltd. (the corporation) was incorporated in 1927 under the *Dominion Companies Act* and continued under the *Canada Business Corporations Act*. It is a parent Crown corporation named in Schedule III Part I to the *Financial Administration Act*.

It ceased all active operations in 1957, at which time it sold its fleet of eight vessels to Cuban interests. The final instalment of $470,400 on the sale of the eight vessels to Cuban interests was due to be paid on August 19, 1963 by an irrevocable letter of credit issued through Bank of America International (then known as Bank of America). However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective and prohibited the Bank from honouring payment of the draft. Amendments to the Regulations, effective March 2, 1979 required blocked funds to be held in an interest-bearing account.

On September 25, 1991, Bank of America Canada, Bank of America International and the Deputy Attorney General of Canada representing the corporation entered into an agreement. Bank of America International assigned all rights, title and interest in a Bank of America Canada term deposit in the amount of $1,441,536 which matured on March 20, 1992, plus accrued interest thereon, in exchange for a discharge from claims, actions and demands from the corporation. To distribute the funds available, dividends of $1,349,281 were declared and paid during the period.

On June 17, 1992, a certificate of dissolution was issued by the Department of Consumer and Corporate Affairs dissolving the corporation's charter under the *Canada Business Corporation Act*. The Governor General in Council fixed November 1, 1992 as the day on which sections 3 to 5 of the *Crown Corporations Dissolution Act*, assented to on October 29, 1985, came into force and thus the corporation was deleted from Part I of Schedule III of the *Financial Administration Act*. On November 12, 1992, the 10 shares were redeemed for $976.

2. Term deposit

The term deposit was recovered on March 20, 1992 in the amount of $1,578,482 including $1,108,082 (1991—$1,078,066) of interests earned on the $470,400 of blocked funds.

3. Due to Canada

The advances from Canada bear no interest and were repaid in 1992 when the term deposit was received.

4. Matured bonds—unclaimed

The matured bonds have been unclaimed since March 1, 1955 and as a result of the statute of limitations there is no legal obligation to redeem them. Until 1990, the unclaimed matured bonds were accounted for as a liability since the corporation intends to honour any of the outstanding bonds should they be presented. Because the corporation was to be dissolved in 1992, management did not believe that the mature bonds would be presented and consequently took them into income in 1991.

5. Related party transactions

The only related party transactions not otherwise disclosed in these financial statements are administrative services provided without charge by the Department of Transport and legal services provided without charge by the Department of Justice.

CANADIAN PATENTS AND DEVELOPMENT LIMITED

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Canadian Patents and Development Limited as at March 21, 1993 and the statements of operations, surplus and changes in cash resources for the period April 1, 1992 to March 21, 1993. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 21, 1993 and the results of its operations and the changes in its cash resources for the period April 1, 1992 to March 21, 1993 in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1993

BALANCE SHEET AS AT MARCH 21, 1993
(with comparative figures as at March 31, 1992)

ASSETS	March 21, 1993	March 31, 1992	LIABILITIES	March 21, 1993	March 31, 1992
	$	$		$	$
Cash		160,158	Accounts payable, accrued liabilities and royalties received in advance		41,508
Accounts receivable and accrued interest		6,978			
Prepaid expenses		26,001			
			EQUITY OF CANADA		
			Capital stock (Note 2)		
			Authorized—10,000 shares without par value		
			Issued and fully paid—5,000 shares		151,629
		193,137			193,137

Termination of operations (Note 1).

Approved:

JACQUES LÉGER
Director

ROSLYN TAKEISKI
Director

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

STATEMENT OF SURPLUS
FOR THE PERIOD APRIL 1, 1992 TO MARCH 21, 1993
(with comparative figures for the year ended March 31, 1992)

	March 21, 1993	March 31, 1992
	$	$
Surplus at beginning of period		662,219
Cost of operations (excess of parliamentary appropriation over cost of operations) for the period	(83,718)	397,957
Dividends (Note 2)	(67,911)	(1,007,430)
Reduction of capital stock (Note 2)	151,629	
Transfer of receivables and payables to departments		(52,746)
Surplus at end of period		

STATEMENT OF OPERATIONS
FOR THE PERIOD APRIL 1, 1992 TO MARCH 21, 1993
(with comparative figures for the year ended March 31, 1992)

	March 21, 1993	March 31, 1992
	$	$
Regular operations		
Revenue		
Interest on investments and overdue accounts	2,581	179,080
Royalties		968,751
Service charges under agency agreements and miscellaneous revenue		11,416
	2,581	1,159,247
Expenses		
Salaries and employee benefits	57,813	654,541
Professional, special and legal services	15,174	69,360
Accommodation, equipment and other rentals	7,509	292,398
Travel and removal	5,590	39,437
Communications	1,046	24,454
Miscellaneous	627	7,700
Awards to inventors (recovery)	(1,460)	56,060
Industrial and intellectual property agents' fees and related expenses, for obtaining and maintining proprietary protection		399,853
Office supplies, printing, furnishings and equipment		36,516
Cost of licensing rights		20,408
Bad debts recovery		(10,608)
	86,299	1,590,119
Cost of regular operations before wind-up operations	83,718	430,872
Wind-up operations		
Special employee termination benefits		64,772
Gain on extinguishment of aged accounts payable		(49,027)
Revenue from sale of furniture and equipment		(45,574)
Cost of operations for the period	83,718	401,043
Parliamentary appropriation		(799,000)
Cost of operations (excess of parliamentary appropriation over cost of operations) for the period	83,718	(397,957)

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE PERIOD APRIL 1, 1992 TO MARCH 21, 1993
(with comparative figures for the year ended March 31, 1992)

	March 21, 1993	March 31, 1992
	$	$
Cash used in operating activities		
Cost of operations for the period	83,718	401,043
Cash used in (provided by) non-cash working capital components		
Accounts receivable and other assets	(32,979)	(562,631)
Accounts payable, accrued liabilities and royalties received in advance	41,508	408,929
Transfer of receivables and payables to departments (net)		52,746
	8,529	(100,956)
Payment of employee termination benefits		441,253
Cash used in operating activities	92,247	741,340
Cash used in (provided by) financing activities		
Dividends (Note 2)	67,911	1,152,000
Parliamentary appropriation		(799,000)
Cash used in financing activities	67,911	353,000
Decrease in cash resources	160,158	1,094,340
Cash at beginning of period	160,158	1,254,498
Cash end of period		160,158

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 21, 1993

1. Termination of operations

Canadian Patents and Development Limited (CPDL) is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is incorporated under the *Canada Business Corporations Act*. The Corporation was established to make available to the public, through licensing arrangements with industry, the industrial and intellectual property which results from publicly-funded research and development.

On November 26, 1991, the *Crown Corporations Dissolution or Transfer Authorization Act* (Bill C-8) received royal assent. The sections of the Act relevant to CPDL are as follows:

> 33.(1) The Minister of Industry, Science and Technology is hereby authorized to procure the dissolution of Canadian Patents and Development Limited.
>
> (3) Subject to Section 34, the Minister of Industry, Science and Technology may do all things and perform all acts necessary for or incidental to closing out the affairs of Canadian Patents and Development Limited.

Order in Council P.C. 1991-1/2544, approved on December 16, 1991, directed that technologies and related obligations and liabilities be transferred to departments and agencies of the Government of Canada; and that all other property, rights, interests, obligations and liabilities not referred to above be transferred to the Minister of Industry, Science and Technology.

CPDL was dissolved under the *Canada Business Corporations Act* on March 22, 1993.

2. Capital stock, surplus and dividend

During the year, as part of the winding-up, the Corporation had an operating deficit of $83,718 and paid to its sole shareholder (the Crown) a dividend of $67,911. The total of $151,629 was applied against the remaining capital stock account which was reduced to NIL.

3. Services provided without charge

The Department of Industry, Science and Technology provided personnel without charge to the corporation to serve in the positions of Executive Vice-President, Treasurer and Assistant Treasurer from April 1, 1992 to March 21, 1993.

4. Comparative figures

Certain comparative figures have been reclassified to conform to current period presentation.

5. Related party transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Canadian Patents and Development Limited as at March 31, 1992 and the statements of operations, surplus and changes in cash resources for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1992 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
September 25, 1992

BALANCE SHEET AS AT MARCH 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	160,158	176,589
Short-term investments		1,077,909
Accounts receivable	5,794	576,650
Accrued interest	1,184	7,133
Prepaid expenses	26,001	11,825
	193,137	1,850,106
Industrial and intellectual property rights		1
Furniture and equipment		1
	193,137	1,850,108

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	26,102	362,757
Royalties received in advance	15,406	87,680
Provision for employee termination benefits		441,253
	41,508	891,690
EQUITY OF CANADA		
Capital stock (Note 3)		
Authorized—10,000 shares without par value		
Issued and fully paid—5,000 shares	151,629	296,199
Surplus		662,219
	151,629	958,418
	193,137	1,850,108

Termination of operations (Note 1)

Approved by the Board:

JACQUES LÉGER
Director

ROSLYN TAKEISKI
Director

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Surplus at beginning of year	662,219	361,378
Excess of Parliamentary appropriation over cost of operations for the year	397,957	300,841
Dividends (Note 3)	(1,007,430)	
Transfer of receivables and payables to departments (net) (Note 4)	(52,746)	
Surplus at end of year		662,219

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Regular operations		
Revenue		
Royalties	968,751	1,843,564
Interest on investments	138,861	158,999
Interest on overdue accounts	40,219	45,752
Service charges under agency agreements	6,306	90,515
Miscellaneous	5,110	1,106
	1,159,247	2,139,936
Expenses		
Salaries and employee benefits	654,541	1,209,196
Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection (Note 5)	399,853	461,767
Accommodation, equipment and other rentals	292,398	287,563
Professional and special services	61,379	165,493
Awards to inventors (Note 6)	56,060	132,154
Travel and removal	39,437	70,059
Office supplies, printing, furnishings and equipment	36,516	72,104
Communications	24,454	46,380
Costs of licensing rights	20,408	89,391
Legal fees	7,981	52,443
Miscellaneous	7,700	5,795
Bad debts	(10,608)	15,564
	1,590,119	2,607,909
Cost of regular operations before wind-up operations	430,872	467,973
Wind-up operations		
Special employee termination benefits (Note 7)	64,772	1,030,186
Gain on extinguishment of aged accounts payable	(49,027)	
Revenue from sale of furniture and equipment	(45,574)	
Cost of operations for the year	401,043	1,498,159
Parliamentary appropriation	799,000	1,799,000
Excess of Parliamentary appropriation over cost of operations for the year	397,957	300,841

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
	$	$
Cash used in operating activities		
Cost of operations for the year	401,043	1,498,159
Item not requiring cash		
Provision for employee termination benefits		(869,171)
	401,043	628,988
Cash used in (provided by) non-cash working capital components		
Accounts receivable	(570,856)	46,301
Other current assets	8,227	(514)
Accounts payable and accrued liabilities	336,655	154,029
Royalties received in advance	72,274	(2,547)
Industrial and intellectual property rights and furniture and equipment	(2)	
Transfer of receivables and payables to departments (net)	52,746	
	(100,956)	197,269
Payment of employee termination benefits	441,253	694,806
Cash used in operating activities	741,340	1,521,063
Cash used in (provided by) financing activities		
Parliamentary appropriation	(799,000)	(1,799,000)
Dividends (Note 3)	1,152,000	
	353,000	(1,799,000)
Decrease (increase) in cash resources	1,094,340	(277,937)
Cash and short-term investments at beginning of year	1,254,498	976,561
Cash and short-term investments at end of year	160,158	1,254,498

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992

1. Termination of operations

Canadian Patents and Development Limited (CPDL) is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is incorporated under the *Canada Business Corporations Act*. The Corporation was established to make available to the public, through licensing arrangements with industry, the industrial and intellectual property which results from publicly-funded research and development.

The Corporation receives and processes industrial and intellectual property under arrangements with federal government departments, Crown corporations and agencies, universities, and other publicly-financed institutions. Suitable protection is sought in Canada and other countries for such property in instances where there is a promise of commercial use. In respect of money received from the exploitation of such property, the Corporation pays awards to public servants under the *Public Servants Inventions Act* and makes payments to other originators of such property in accordance with the agreements entered into with them.

On November 26, 1991, the *Crown Corporations Dissolution or Transfer Authorization Act* (Bill C-8) received royal assent. The sections of the Act relevant to CPDL are as follows:

> 33.(1) The Minister of Industry, Science and Technology is hereby authorized to procure the dissolution of Canadian Patents and Development Limited.
>
> (3) Subject to Section 34, the Minister of Industry, Science and Technology may do all things and perform all acts necessary for or incidental to closing out the affairs of Canadian Patents and Development Limited.
>
> 34.(1) The Governor in Council may transfer, or direct to be transferred, the control, management and the administration of any property rights or interests of Her Majesty in right of Canada held by Canadian Patents and Development Limited from the Corporation to any Minister, department or agency of the Government of Canada.
>
> (2) The Governor in Council may transfer, or direct to be transferred, any obligations or liability incurred by Canadian Patents and Development Limited from the Corporation to any Minister, department or agency of the Government of Canada.

Order in Council P.C. 1991-1/2544, approved on December 16, 1991, directed that technologies and related obligations and liabilities be transferred to departments and agencies of the Government of Canada; and that all other property, rights, interests, obligations and liabilities not referred to above be transferred to the Minister of Industry, Science and Technology.

2. Significant accounting policies

(a) Industrial and intellectual property rights

On January 2, 1992 all patents, copyrights and licences were officially transferred to departments and agencies. In accordance with CPDL accounting policy, the net cost of acquisition, protection and maintenance of industrial and intellectual property rights was charged to operations as incurred and recorded at a nominal value of $1.

(b) Furniture and equipment

Proceeds from the sale of furniture and equipment are credited to operations in the year of disposal. All furniture and equipment unsold as at March 31, 1992 was transferred to the Department of Industry, Science and Technology at no cost.

In accordance with CPDL accounting policy, these assets had been expensed when originally purchased and recorded at a nominal value of $1.

(c) Royalty revenue

Royalties from licenses for the period April 1, 1991 to September 30, 1991 have been recognized in a manner consistent with prior years. Therefore, CPDL transferred the responsibility for royalties to departments and agencies.

3. Capital stock, surplus and dividends

During the year, as part of the winding-up, the Corporation has declared and paid to its sole shareholder (the Crown) dividends totalling $1,152,000. Of this amount, $1,007,430 was charged to surplus, thus reducing this account to a nil balance. The remainder of $144,570 was applied against the capital stock account which was reduced to $151,529 from $296,199.

4. Transfer of receivables and payables to departments

The statement of surplus reflects a net transfer of accounts receivable and accounts payable. This transfer was made on or about March 31, 1992 to various government departments and agencies. As departments and agencies will be collecting and paying the outstanding accounts, they were eliminated from the Corporation's March 31, 1992 balance sheet.

5. Industrial and intellectual property agents' fees and related expenses, for obtaining and maintaining proprietary protection

	1992	1991
	$	$
Fees and related expenses	477,848	686,554
Less: Recoveries	77,995	224,787
	399,853	461,767

6. Awards to inventors

Awards to inventors expense (based on royalties) for the period April 1, 1991 to September 30, 1991 has been recognized in a manner consistent with prior years. Thereafter CPDL transferred the responsibility for the recognition of the awards to inventors expense to departments and agencies.

Responsibility for the payment of awards due to inventors under the *Inventors Awards Act* based on royalties for the complete fiscal year ended March 31, 1992 was transferred to departments and agencies.

7. Employee termination benefits

Employees are entitled to specific benefits on termination as provided under labour contracts and conditions of employment. In view of the dissolution, the Corporation has approved special termination benefits to the employees. These have been fully provided for in the current year financial statements.

CANADIAN PATENTS AND DEVELOPMENT LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992—*Concluded*

8. Cancellation of lease

   The head office lease agreement was cancelled effective March 31, 1992 without any penalty charges.

9. Services provided without charge

   The Department of Industry, Science and Technology provided personnel without charge to the Corporation and to serve in the positions of Executive Vice-President, Treasurer and Assistant Treasurer from January 6, 1992 to March 31, 1992.

10. Related party transactions

    In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

CANADIAN SALTFISH CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation and presentation of the financial statements is the responsibility of Canadian Saltfish Corporation's management. These financial statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements that are considered appropriate to the Corporation's circumstances.

Management is responsible for the reliability and integrity of the financial statements including the notes to the statements and other financial information contained in the annual report. In addition, management is also responsible for maintaining books of account, information systems, systems of financial and management control. These managerial controls and procedures are intended to provide reasonable assurance that accurate financial information is available, that assets are safeguarded and controlled, that resources are managed efficiently, and that transactions are conducted in accordance with relevant legislation and the Corporation's by-laws.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board oversees its responsibilities through the Audit Committee. The Committee reviews matters related to accounting, auditing, internal control systems, and the financial statements.

The Auditor General of Canada, the independent auditor of the Corporation appointed under the *Financial Administration Act*, has audited the Corporation's financial statements in accordance with generally accepted auditing standards. The auditor has full and unrestricted access to the Audit Committee to discuss his audit and related findings and the adequacy of the system of internal controls.

The financial statements and the annual report have been approved by the Board of Directors.

G.C. Viscount
President

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Canadian Saltfish Corporation as at March 31, 1993 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Saltfish Act* and the by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 14, 1993

CANADIAN SALTFISH CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash		371,594
Accounts receivable		
Trade	757,217	2,725,580
Other	79,400	510,287
Advances to producers	314,454	47,802
Inventory (Note 4)	16,839	341,330
Loan receivable		200,000
	1,167,910	4,196,593
Capital assets (Note 5)	738,871	1,050,153
	1,906,781	5,246,746

LIABILITIES	1993	1992
	$	$
Current		
Bank indebtedness	41,097	
Working capital loans from Canada (Note 6)	3,325,000	32,000,000
Accounts payable and accrued liabilities	103,245	1,247,764
Capital asset loan from Canada		800,000
Current portion of accrued employee termination benefits	185,743	
	3,655,085	34,047,764
Long-term		
Accrued employee termination benefits	200,998	242,620
	3,856,083	34,290,384
DEFICIT OF CANADA		
Deficit	(1,949,302)	(29,043,638)
	1,906,781	5,246,746

Significant event (Note 2).

Approved by the Board:

J. BARNES
Director

G.C. VISCOUNT
Director

CANADIAN SALTFISH CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operations:		
Sales (net of freight and insurance)	862,431	2,195,695
Cost of goods sold	1,066,712	2,189,273
Amortization of production assets	70,932	230,557
	1,137,644	2,419,830
Gross loss on sales	275,213	224,135
Commission income	233,535	558,271
Interest income	90,096	255,371
	323,631	813,642
Gross profit on operations	48,418	589,507
Expenses:		
Administrative	767,792	628,042
Selling	355,161	354,884
Interest (Note 8)	237,802	2,731,955
Bad debt expense (net of recoveries) (Note 7)	231,021	(139,212)
Amortization of administrative assets	101,717	140,983
	1,693,493	3,716,652
Net loss on operations	1,645,075	3,127,145
Other expenses (net)(Schedule)	304,227	350,763
Net loss for the year	1,949,302	3,477,908

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at beginning of the year	29,043,638	25,565,730
Forgiveness of debt—Government of Canada (Note 8)	(29,043,638)	
Net loss for the year	1,949,302	3,477,908
Balance at end of the year	1,949,302	29,043,638

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Funds were provided by (used for):		
Investing activities		
Proceeds from disposal of capital assets	331,664	741,041
Purchase of capital assets	(15,064)	(784)
	316,600	740,257
Financing activities		
Increase in working capital loans from Canada (net of debt forgiveness) (Note 8)	368,638	1,500,000
Repayment of capital asset loan from Canada	(800,000)	(100,000)
	(431,362)	1,400,000
Operating activities		
Net loss for the year	(1,949,302)	(3,477,908)
Adjustments for non-cash items		
Bad debts	347,245	333,265
Amortization	172,649	371,540
Employee termination benefit expense	158,636	42,492
Writedown of capital assets	39,885	443,628
Gain on sale of capital assets	(217,852)	(435,745)
	(1,448,739)	(2,722,728)
Decrease in other non-cash working capital	1,165,325	870,415
Employee termination benefit payments	(14,515)	(753,479)
	(297,929)	(2,605,792)
Net funds used	(412,691)	(465,535)
Cash at beginning of the year	371,594	837,129
Cash (bank indebtedness) at end of the year	(41,097)	371,594

CANADIAN SALTFISH CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority, objectives and operations of the Corporation

The Canadian Saltfish Corporation was established by the *Saltfish Act* in 1970, to improve the earnings of the primary producers of cured codfish. The Corporation is an agent Crown corporation of Canada without share capital, named in Part I of Schedule III to the *Financial Administration Act* and is required to conduct its operations on a self-sustaining financial basis. The Corporation is dependent on the Government of Canada for working capital and capital asset loans and is not subject to income taxes.

Through agreements between the Government of Canada and the Provinces of Newfoundland and Quebec, the Corporation has the exclusive right to trade in and market cured codfish and its by-products in the Province of Newfoundland and the lower north shore of Quebec and is required to buy all cured codfish of an acceptable standard of quality offered for sale therein. The Corporation also has the authority to issue licenses for the purchase and/or export of saltfish.

On the Island of Newfoundland, the Corporation offers marketing services to those Island producers wishing to use the sales network of the Corporation. The Corporation receives a commission from producers using this service. Elsewhere, fish is purchased from fishermen, processed through the Corporation's facilities or by producers and subsequently marketed by the Corporation, primarily to foreign countries.

2. Significant event—impact of the northern cod moratorium

On July 2, 1992, the Minister of Fisheries and Oceans announced a two year moratorium on fishing the northern cod stock off Labrador and Northern and Eastern Newfoundland. As a result, the volume of saltfish products available for purchase by and marketing through the Corporation reduced substantially in 1992-93 with further reductions in volume projected for 1993-94.

The Corporation is projecting an operating loss for fiscal year 1993-94 due to the significant decline in the Corporation's source of supply.

3. Significant accounting policies

Amortization

Amortization is calculated using the straight-line method and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	3 to 10 years
Furniture and fixtures	5 years

Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required from both the employee and the Corporation. Contributions with respect to current services are expensed on a current basis.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Employee termination benefits

Employees are entitled to specific benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. Any additional termination benefits are expensed in the year the decision is made to reduce staff levels.

4. Inventory

Inventory is carried at the lower of cost or net realizable value.

	1993	1992
	$	$
Salt	16,839	155,216
Packages and supplies		179,592
Saltfish		6,522
	16,839	341,330

5. Capital assets

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Assets used in operations				
Land				1,821
Buildings	16,065	16,065		6,426
Equipment	370,023	348,449	21,574	220,151
Furniture and fixtures	73,778	66,166	7,612	53,485
	459,866	430,680	29,186	281,883
Assets held for resale				
Land	77,274		77,274	77,274
Buildings	1,161,556	722,959	438,597	474,133
Equipment	889,738	695,924	193,814	216,863
	2,128,568	1,418,883	709,685	768,270
	2,588,434	1,849,563	738,871	1,050,153

During 1991-92, the Corporation ceased operation of its production facilities on the Island of Newfoundland. These assets and other related assets which are no longer considered necessary for operations are being held for resale and have been valued at the lower of their cost or estimated net realizable value.

CANADIAN SALTFISH CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

6. Loans from Canada

Working capital loans are interest bearing (based upon current rates as set by the Bank of Canada) and are repayable within one year. Total loans outstanding from Canada and banks shall not exceed $50 million.

7. Bad debts

During 1992-93, the Corporation recovered $116,224 (1992—$472,477) in excess of the previously estimated net book value of certain receivables. An additional bad debt expense of $347,245 (1992—$333,265) was recognized during the year as a result of the northern cod moratorium.

8. Forgiveness of debt from Government of Canada

During 1992-93, $29,043,638 of the Corporation's debt from Canada was forgiven through *Appropriation Act No. 3, 1992-93*. This amount represented the Corporation's deficit as at March 31, 1992. No interest on that debt was charged effective Arpil 1, 1992.

9. Related party transactions

During the year, the Corporation entered into three contracts with the Department of Fisheries and Oceans:

(1) A contract to charter a vessel. Total fees from the contract were $268,600.

(2) A contract to lease an office building in St. John's, Newfoundland. This lease expires on March 31, 1994. During 1992-93, the Corporation earned rental revenue of $22,018.

(3) A contract to provide caretaking services at the Department's service complex in Punchbowl, Labrador. Under the terms of the contract, the Corporation receives a fixed annual amount of $20,000 and has the right of first refusal on any future lease of the facility. During 1992-93, the Corporation earned service revenue of $11,667.

10. Contractual commitments

The Corporation has entered into leases with the following minimum annual payments:

	$
1993-94	87,131
1994-95 and future years	Nil

11. Comparative figures

Certain of the 1992 comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE OF OTHER EXPENSES (NET)
FOR THE YEAR ENDED MARCH 31, 1993 SCHEDULE

	1993	1992
Vessel operations (net)	212,573	115,674
Writedown of capital assets	39,885	443,628
Supplies inventory adjustment	193,584	
Punchbowl operations (net)	43,057	141,348
Deactivated plant costs	67,898	116,858
Other revenue	(34,918)	(31,000)
Gain on sale of capital assets	(217,852)	(435,745)
	304,227	350,763

THE CANADIAN WHEAT BOARD

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1993
WERE NOT AVAILABLE AT DATE OF PRINTING

THE CANADIAN WHEAT BOARD—*Continued*

AUDITORS' REPORT

TO THE CANADIAN WHEAT BOARD

We have audited the financial statements of the Canadian Wheat Board set out as Exhibits I to VIII and notes thereto which include the balance sheet as at July 31, 1992, and the statements of operations for the 1991-92 pool accounts for wheat, amber durum wheat, and barley for the period August 1, 1991, to completion of operations on August 31, 1992, and for designated barley for the period August 1, 1991, to completion of operations on October 31, 1992, the statement of administrative and general expenses and allocations to operations for the year ended July 31, 1992, the statement of advance payments to producers under *Prairie Grain Advance Payments Act* as at July 31, 1992, and the statement of special account transactions for the year ended July 31, 1992. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at July 31, 1992, and the results of its operations and the changes in its financial position for the periods shown, in accordance with generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

Winnipeg, Canada
March 3, 1993

BALANCE SHEET AS AT JULY 31, 1992
(with prior year's figures for comparison)

EXHIBIT I

ASSETS	1992	1991
	$	$
Stocks of grain: (Note 1(a))—		
Wheat	428,093,166	762,893,850
Durum	35,517,344	105,680,862
Barley	38,236,183	74,638,137
Designated Barley	31,417,476	38,863,113
	533,264,169	982,075,962
Bills of exchange plus accrued interest (Note 2)	6,235,386,389	5,449,996,699
Accounts receivable (Note 3)		
Amounts due on completed sales	60,188,978	21,944,059
Sundry	25,770,086	29,271,316
Prairie Grain Advance Payments Act	371,648,615	298,075,836
Due from the Government of Canada re: Deficit on Pool Account Operations		
1990-91 Pool Account—		
Wheat		673,375,352
Durum		69,612,457
Barley		956,713
The Canadian Wheat Board Building, Winnipeg, at cost less depreciation	1,306,441	1,402,929
Covered hopper cars, at cost less depreciation (Note 4)	51,263,851	54,304,899
Office furniture, equipment and automobiles, at cost less depreciation	1,507,954	1,712,264
Deferred charges—Trade (Note 5)	13,804,118	
Deferred and prepaid expenses	2,293,652	1,477,839
	7,296,434,253	7,584,206,325

LIABILITIES	1992	1991
	$	$
Short term borrowings (Note 6)	6,348,882,523	6,535,992,148
Liability to agents for grain purchased from producers (Note 7)	179,726,020	812,274,563
Liability to agents for deferred cash tickets (Note 8)	32,204,346	89,409,515
Accrued expenses and accounts payable (Note 9)	48,349,521	111,383,008
Outstanding adjustment and final payment cheques to producers—		
Wheat	1,515,036	591,422
Durum	231,473	102,099
Oats	3,021	4,406
Designated Oats		1,117
Barley	147,197	116,136
Designated Barley	58,186	39,051
Special Account—net balance of undistributed payment accounts (Note 10)	5,471,265	5,194,441
Provision for final payment expenses (Note 11)	1,528,477	2,373,410
Surpluses resulting from operations:		
Pool Account—		
Wheat	500,169,766	
Durum	101,253,487	
Barley	42,557,368	
Designated Barley	34,336,567	26,725,009
	7,296,434,253	7,584,206,325

LORNE F. HEHN
Chief Commissioner

FORREST M. HETLAND
Assistant Chief Commissioner

RICHARD H. KLASSEN
Commissioner

GORDON P. MACHEJ
Commissioner

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1991-92 POOL ACCOUNT—WHEAT
FOR THE PERIOD AUGUST 1, 1991, TO COMPLETION OF OPERATIONS ON AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

EXHIBIT II

	1991-92		1990-91	
	Tonnes	Amount	Tonnes	Amount
		$		$
Wheat acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	19,324,862	2,098,980,169	22,196,617	2,991,530,153
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	104,199	11,344,138	136,093	17,714,860
Purchased from prior year's Pool Account—Wheat	1,628,630	192,808,614	1,854,243	247,571,444
	21,057,691	2,303,132,921	24,186,953	3,256,816,457
Wheat sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill:				
Domestic	1,204,873		1,330,097	
Export	17,125,732		16,113,084	
Weight losses in transit and in drying	3,251		7,559	
	18,333,856	2,449,408,054	17,450,740	1,994,511,377
Wheat Stocks—being Wheat stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill:				
Completed sales for the period subsequent to July 31:				
Domestic	140,534		493,496	
Export	2,065,162		4,614,087	
Sale to the subsequent Pool Account—Wheat	518,139		1,628,630	
	2,723,835	428,093,166	6,736,213	762,893,850
	21,057,691	2,877,501,220	24,186,953	2,757,405,227
Surplus (Deficit) on Wheat transactions		574,368,299		(499,411,230)
Operating costs:				
Carrying charges:				
Carrying charges on Wheat stored in country elevators		43,118,088		91,766,712
Storage on Wheat stored in terminal elevators		18,607,205		22,514,426
		61,725,293		114,281,138
Interest and bank charges		(38,747,835)		8,255,844
Demurrage/Despatch		859,482		2,214,134
Additional Freight—Wheat shipped from country stations to terminal position		19,623,426		17,455,191
—freight rate change		239,723		1,068,672
Drying charges		15,709		106,961
Interest and depreciation on Wheat Board hopper cars		4,087,373		6,604,870
Wheat Board administrative and general expenses		26,395,362		23,977,312
		74,198,533		173,964,122
Surplus (Deficit) on operations of the Board on the Pool Account—Wheat, for the period from August 1, 1991, to August 31, 1992 (1990-91 October 31, 1991)		500,169,766		(673,375,352)

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1991-92 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1991, TO COMPLETION OF OPERATIONS ON AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

EXHIBIT III

	1991-92		1990-91	
	Tonnes	Amount	Tonnes	Amount
		$		$
Durum acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	2,795,236	270,663,321	3,418,375	422,816,807
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	18,359	1,736,029	14,093	1,773,124
Purchased from prior year Pool Account—Durum	361,892	37,784,171	543,392	67,217,671
	3,175,487	310,183,521	3,975,860	491,807,602
Durum sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill:				
Domestic	145,749		203,515	
Export	2,701,232		2,742,970	
Weight losses in transit and in drying	1,326		1,203	
	2,848,307	383,807,523	2,947,688	340,634,602
Durum Stocks—being Durum stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill:				
Completed sales for the period subsequent to July 31:				
Domestic	21,929		68,044	
Export	305,251		598,236	
Sale to the subsequent Pool Account—Durum			361,892	
	327,180	35,517,344	1,028,172	105,680,862
	3,175,487	419,324,867	3,975,860	446,315,464
Surplus (Deficit) on Amber Durum Wheat transactions		109,141,346		(45,492,138)
Operating costs:				
Carrying charges:				
Carrying charges on Durum stored in country elevators		5,055,322		12,064,130
Storage on Durum stored in terminal elevators		3,726,236		5,574,893
		8,781,558		17,639,023
Interest and bank charges		(5,558,265)		1,063,772
Demurrage/Despatch		102,991		85,807
Additional Freight—Durum shipped from country stations to terminal position		456,772		459,031
—freight rate change		(303,807)		159,808
Drying charges		2,089		3,089
Interest and depreciation on Wheat Board hopper cars		588,576		1,017,179
Wheat Board administrative and general expenses		3,817,945		3,692,610
		7,887,859		24,120,319
Surplus (Deficit) on operations of the Board on the Pool Account—Durum, for the period from August 1, 1991, to August 31, 1992 (1990-91 October 31, 1991)		101,253,487		(69,612,457)

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1991-92 POOL ACCOUNT—BARLEY
FOR THE PERIOD AUGUST 1, 1991, TO COMPLETION OF OPERATIONS ON AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

EXHIBIT IV

	1991-92		1990-91	
	Tonnes	Amount	Tonnes	Amount
		$		$
Barley acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	1,994,574	171,300,892	4,127,250	371,141,676
Net tonnes acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Thunder Bay or Vancouver	4,029	345,236	23,028	2,078,725
Purchased from prior year's Pool Account—Barley	204,758	19,254,974	57,843	5,581,991
	2,203,361	190,901,102	4,208,121	378,802,392
Barley sold:				
Completed sales to July 31 basis in store Thunder Bay, Vancouver or Churchill	1,871,780	202,712,651	3,419,027	324,684,093
Weight losses in transit and in drying	(313)		25	
Barley stocks—being Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay, Vancouver or Churchill				
Completed sales for the period subsequent to July 31	131,373	15,293,241	584,311	55,383,163
Sale to the subsequent Pool Account—Barley	200,521	22,942,942	204,758	19,254,974
	2,203,361	240,948,834	4,208,121	399,322,230
Surplus on Barley transactions		50,047,732		20,519,838
Operating costs:				
Carrying charges:				
Carrying charges on Barley stored in country elevators		4,221,991		8,840,207
Storage on Barley stored in terminal elevators		1,596,649		1,674,502
		5,818,640		10,514,709
Interest and bank charges		(5,596,079)		(3,893,139)
Demurrage/Despatch		146,575		1,451,440
Additional Freight—Barley shipped from country stations to terminal position		3,923,491		7,546,008
—freight rate change		48,415		169,583
Drying charges		4,997		1,484
Interest and depreciation on Wheat Board hopper cars		419,985		1,228,113
Wheat Board administrative and general expenses		2,724,340		4,458,353
		7,490,364		21,476,551
Surplus (Deficit) on operations of the Board on the Pool Account—Barley, for the period from August 1, 1991, to August 31, 1992 (1990-91 October 31, 1991)		42,557,368		(956,713)

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF OPERATIONS

1991-92 POOL ACCOUNT—DESIGNATED BARLEY
FOR THE PERIOD AUGUST 1, 1991, TO COMPLETION OF OPERATIONS ON OCTOBER 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison) EXHIBIT V

	1991-92		1990-91	
	Tonnes	Amount	Tonnes	Amount
		$		$
Designated Barley acquired:				
Purchased from Producers at Board initial prices basis in store Thunder Bay or Vancouver	1,684,140	194,827,702	1,455,000	191,376,871
Designated Barley sold:				
Completed sales to July 31 basis in store Thunder Bay or Vancouver	1,459,537	197,991,018	1,194,722	177,990,347
Designated Barley stocks—being Designated Barley stocks on hand at July 31 stated at the ultimate value received from the sale thereof, basis in store Thunder Bay or Vancouver Completed sales for the period subsequent to July 31	224,603	31,417,476	260,278	38,863,113
	1,684,140	229,408,494	1,455,000	216,853,460
Surplus on Designated Barley transactions		34,580,792		25,476,589
Operating costs:				
Storage		38,235		17,054
Interest		(2,281,000)		(3,259,909)
Demurrage/Despatch		(215,469)		(10,243)
Interest and depreciation on Wheat Board hopper cars		356,473		432,953
Wheat Board administrative and general expenses		2,345,986		1,571,725
		244,225		(1,248,420)
Surplus on operations of the Board on the Pool Account—Designated Barley, for the period from August 1, 1991, to October 31, 1992 (1990-91 October 31, 1991)		34,336,567		26,725,009

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS FOR THE YEAR ENDED JULY 31, 1992
(with prior year's figures for comparison)

EXHIBIT VI

	1991-92	1990-91
	$	$
Administrative and General Expenses:		
Salaries—Board members, officers and staff	18,588,352	17,927,932
Unemployment insurance, pension, group insurance, medical and other employee benefits	2,895,932	2,537,702
Manitoba Health and Education Tax	441,980	366,882
Advisory Committee operating costs and election expenses (1991-92 operating expenses only)	137,175	338,706
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building	1,939,880	1,929,803
Telephones, telex and facsimile transmissions	601,422	660,477
Postage	691,665	767,722
Printing, stationery and supplies	555,505	645,173
Annual report, "Grain Matters", etc.	183,231	147,350
District meetings	15,254	35,256
Management consulting	385,108	135,531
Office and miscellaneous	1,252,843	998,469
Travelling and transfer of staff	1,335,858	1,039,000
Area Representatives	216,442	220,932
Legal fees and court costs	140,179	134,306
Audit fees	120,000	108,000
Computing equipment—rental and sundries	3,679,479	2,926,497
Repair and upkeep of office machines and equipment	44,582	34,518
Grain market publications and services	151,216	147,670
The Canadian Wheat Board share of operating expenses of Canadian International Grains Institute	1,459,203	1,216,952
Bonds and insurance	40,257	38,364
Depreciation on building, furniture, equipment and automobiles	465,325	442,929
Review Panel	467	42,725
	35,341,355	32,842,896

	1991-92	1990-91
	$	$
Allocations to Operations:		
1. Marketing of Producers' Grain		
1991-92 Pool Account—Wheat	14,537,016	
1991-92 Pool Account—Durum	2,102,700	
1991-92 Pool Account—Barley	1,500,407	
1991-92 Pool Account—Designated Barley	1,273,508	
1990-91 Pool Account—Wheat	11,244,568	
1990-91 Pool Account—Durum	1,731,712	
1990-91 Pool Account—Barley	2,090,820	
1990-91 Pool Account—Designated Barley	737,087	
	35,217,818	32,344,521
2. Distributing Final Payments to Producers		
(a) Wheat and Durum		
1989-90 Pool Account—Wheat	31,344	
1989-90 Pool Account—Durum	7,959	
1988-89 Pool Account—Wheat	2,017	
1988-89 Pool Account—Durum	436	
1987-88 Pool Account—Wheat	1,708	
1987-88 Pool Account—Durum	219	
1986-87 Pool Account—Wheat	1,751	
1986-87 Pool Account—Durum	219	
1985-86 Pool Account—Durum	1,227	
	46,880	325,136
(b) Coarse Grains		
1990-91 Pool Account—Designated Barley	55,613	
1989-90 Pool Account—Barley	12,973	
1989-90 Pool Account—Designated Barley	2,376	
1988-89 Pool Account—Designated Oats	263	
1988-89 Pool Account—Barley	1,446	
1988-89 Pool Account—Designated Barley	393	
1987-88 Pool Account—Oats	350	
1987-88 Pool Account—Designated Oats	87	
1987-88 Pool Account—Barley	1,009	
1987-88 Pool Account—Designated Barley	219	
1986-87 Pool Account—Oats	704	
1986-87 Pool Account—Designated Oats	175	
1985-86 Pool Account—Designated Oats	263	
1985-86 Pool Account—Designated Barley	786	
	76,657	173,239
	35,341,355	32,842,896

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF ADVANCE PAYMENTS TO PRODUCERS
UNDER THE *PRAIRIE GRAIN ADVANCE PAYMENTS ACT*
AS AT JULY 31, 1992

EXHIBIT VII

	Cash advances to producers	Advances repaid by producers	Balance to be refunded by producers
	$	$	$
1957-58 Crop Year	35,203,467	35,200,848	2,619
1958-59 Crop Year	34,369,653	34,366,768	2,885
1959-60 Crop Year	38,492,505	38,490,061	2,444
1960-61 Crop Year	63,912,550	63,905,269	7,281
1961-62 Crop Year	16,656,713	16,651,472	5,241
1962-63 Crop Year	29,251,526	29,245,974	5,552
1963-64 Crop Year	62,136,418	62,129,679	6,739
1964-65 Crop Year	32,961,844	32,955,727	6,117
1965-66 Crop Year	40,600,386	40,596,511	3,875
1966-67 Crop Year	36,668,270	36,664,915	3,355
1967-68 Crop Year	47,280,533	47,277,578	2,955
1968-69 Crop Year	151,852,319	151,771,755	80,564
1969-70 Crop Year	272,777,516	272,477,831	299,685
1970-71 Crop Year	91,105,890	91,076,244	29,646
1971-72 Crop Year	68,142,360	68,109,571	32,789
1972-73 Crop Year	20,754,104	20,743,234	10,870
1973-74 Crop Year	35,259,387	35,220,735	38,652
1974-75 Crop Year	46,635,399	46,609,707	25,692
1975-76 Crop Year	20,236,528	20,208,239	28,289
1976-77 Crop Year	130,592,220	130,484,635	107,585
1977-78 Crop Year	119,090,916	118,932,241	158,675
1978-79 Crop Year	151,316,450	151,201,289	115,161
1979-80 Crop Year	99,146,581	99,085,509	61,072
1980-81 Crop Year	61,640,150	61,600,771	39,379
1981-82 Crop Year	333,688,190	333,284,021	404,169
1982-83 Crop Year	309,022,755	308,310,439	712,316
1983-84 Crop Year	286,736,519	286,068,501	668,018
1984-85 Crop Year	201,289,320	200,525,969	763,351
1985-86 Crop Year	340,670,296	339,781,410	888,886
1986-87 Crop Year	642,511,850	640,853,194	1,658,656
1987-88 Crop Year	563,607,958	560,421,659	3,186,299
1988-89 Crop Year	319,522,186	316,649,680	2,872,506
1989-90 Crop Year [1]	144,260,874	140,347,559	3,913,315
1990-91 Crop Year	1,461,790,445	1,440,786,485	21,003,960
1991-92 Crop Year	1,163,742,299	784,764,531	378,977,768
	7,472,926,377	7,056,800,011	

Balance to be refunded by Producers as at July 31, 1992		416,126,366
Add: Bank interest to July 31, 1992, payable by the Government of Canada	295,876,651	
Less: Amount paid by the Government to July 31, 1992	294,307,902	1,568,749
Bank interest to July 31, 1992	14,380,541	
Less: Amount paid by Producers to July 31, 1992	12,502,802	1,877,739
		419,572,854
Deduct: Balance of funds received:		
Government of Canada—to cover advance payments in default	44,450,781	
Line Elevator Companies—to cover advance payments in default	396,246	
Line Elevator Companies—to cover current advances	123,346	
Interest received on default payments	21,125,672	
Less: Interest forwarded to the Government of Canada	(18,171,806)	47,924,239
Owing to the Canadian Wheat Board as at July 31, 1992		371,648,615

[1] During the 1989-90 crop year, the producer was required to pay interest on the cash advance. During the 1990-91 and 1991-92 crop years, the producer was required to payinterest on the part of the cash advance that was in excess of $50,000. In prior years, the Government of Canada paid all the interest.

THE CANADIAN WHEAT BOARD—*Continued*

STATEMENT OF SPECIAL ACCOUNT TRANSACTIONS
FOR THE YEAR ENDED JULY 31, 1992

EXHIBIT VIII

	$	$
Balance of Special Account as at July 31, 1991		5,194,441
Transfer to Special Account authorized by Order-in-Council PC 1992-2061 from the following:		
1984 Wheat Payment Account	853,728	
1984 Durum Payment Account	117,795	
1984 Oats Payment Account	(26,861)	
1984 Designated Oats Payment Account	(888)	
1984 Barley Payment Account	49,504	
1984 Designated Barley Payment Account	39,538	1,032,816
		6,227,257

Expenditures:

Authorized by Order-in-Council No.	Description of purpose	Unexpended as at July 31, 1991	Authorized Crop Year 1991-92	Unexpended as at July 31, 1992	Expended Crop Year 1991-92	
		$	$	$	$	
PC 1992-2062	Market Development	223,992	475,000	420,523	278,469	
PC 1990-1246	Canadian International Grains					
PC 1992-2063	Institute—Capital Expenditures	600,000	300,000	753,340	146,660	
PC 1990-1538	Scholarship Program	83,305	266,695	53,377	296,623	
PC 1991-2548	Founding Chairs Program		125,000	100,000	25,000	
		907,297	1,166,695	1,327,240		746,752
						5,480,505
Less: Payments to producers against old payment accounts						9,240
Balance of Special Account as at July 31, 1992						5,471,265

As at July 31, 1992, there were unexpended authorizations totalling $1,327,240 leaving an unallocated balance of $4,144,025 in the Account.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS

The Financial Statements of the Canadian Wheat Board including notes thereto for the crop year under review are presented in this section of the report. These statements consist of the Balance Sheet (Exhibit I), which sets forth the financial position of the Board as at July 31, 1992, together with other statements (Exhibits II to VIII) showing the results of Board operations for the year, all as tabulated in the index preceding the financial statements.

The practice of the Board is to include in its accounts at July 31 the final operating results of pool accounts where marketing operations have been completed before the issuance of the annual report. Operations on the 1991-92 Pool Accounts for wheat, amber durum wheat and barley were completed on August 31, 1992, and on October 31, 1992, for designated barley. Details of the final operating results of these pool accounts with commentary thereon are presented in this section of the report.

Although the basic measurement for grain has been the "tonne" since February 1, 1978, for your information a tonne equals 36.74371 bushels of wheat, or 45.92963 bushels of barley.

POOL ACCOUNT—WHEAT

Initial Payments

At the beginning of the crop year a fixed initial price of $95.00 per tonne for No. 1 Canada Western Red Spring Wheat was set by the Government of Canada. Effective January 2, 1992, the initial price was increased to $101.00 for No. 1 Canada Western Red Spring Wheat. On April 15, 1992, the initial price was further increased to $109.00 for No. 1 Canada Western Red Spring Wheat.

Supplies of Wheat

Supplies of wheat in the 1991-92 Pool were 21 057 691 tonnes, comprised of 19 324 862 tonnes delivered by producers, 104 199 tonnes acquired from other than producers and 1 628 630 tonnes purchased from the previous pool.

Grade Pattern

Deliveries of grain to the 1991-92 Pool Account declined in terms of both quality and quantity than the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totalled 17.532 million tonnes or 90.72 per cent of total receipts compared to 94.44 per cent for the previous pool, while No. 3 Canada Western Red Spring receipts of 0.408 million tonnes amounted to 2.11 per cent of total receipts. Deliveries of other types of wheat amounted to 1.385 million tonnes or 7.17 per cent of total producer deliveries.

FINAL STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS—WHEAT—TABLE A

Table A shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $500,169,766. After deducting the interim payment of $173,923,760 made to producers in November 1992, providing for producer car rebates of $171,174, allowing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to August 31, 1992, the net surplus for distribution to producers amounted to $333,609,620. This net surplus represents an average of $17.263 per tonne on producer deliveries of 19 324 862 tonnes. Table B shows the total price realized by producers for No. 1 Canada Western Red Spring at $134.135, compared to $135.00 for the previous pool.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1991-92 POOL ACCOUNT—WHEAT
FOR THE PERIOD AUGUST 1, 1991, TO AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

TABLE A

	1991-92 Pool Account		1990-91 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	19 324 862 tonnes		22 196 617 tonnes	
	$	$	$	$
Sales Value	2,673,348,468	138.337	2,492,118,923	112.275
Initial Payments to Producers	2,098,980,169	108.615	2,991,530,153	134.774
Gross Surplus (Deficit)	574,368,299	29.722	(499,411,230)	(22.499)
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	43,118,088	2.231	91,766,712	4.134
Terminal Storage	18,607,205	0.963	22,514,426	1.014
Total Carrying Charges	61,725,293	3.194	114,281,138	5.148
Interest	(38,747,835)	(2.005)	8,255,844	0.372
Demurrage/Despatch	859,482	0.045	2,214,134	0.100
Additional Freight:				
—To terminals	19,623,426	1.015	17,455,191	0.786
—Freight rate change	239,723	0.012	1,068,672	0.048
Drying	15,709	0.001	106,961	0.005
Interest and Depreciation on Wheat Board Hopper Cars	4,087,373	0.212	6,604,870	0.298
Wheat Board Administrative Expenses	26,395,362	1.366	23,977,312	1.080
Total Operating Costs	74,198,533	3.840	173,964,122	7.837
Surplus (Deficit) on Operations	500,169,766	25.882	(673,375,352)	(30.336)
Deduct: Interim Payment	173,923,760	9.000		
	326,246,006	16.882		
Add: Interest earned after August 31	7,779,332	0.403		
Deduct: Cost of Issuing Interim and Final Payments	244,544	0.013		
Deduct: Rebate on Producer Cars	171,174	0.009		
Balance for Distribution to Producers	333,609,620	17.263		

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF WHEAT
BASIS IN STORE THUNDER BAY OR
VANCOUVER

TABLE B

Grade	Initial Payment	Interim Payment	Final Payment	Total
	(dollars per tonne)			
No. 1 Canada Western Red Spring 14.5	113.21	9.00	21.540	143.750
No. 1 Canada Western Red Spring 13.5	111.21	9.00	17.750	137.960
No. 1 Canada Western Red Spring	109.00	9.00	16.135	134.135
No. 2 Canada Western Red Spring 13.5	105.21	9.00	17.073	131.283
No. 2 Canada Western Red Spring	103.21	9.00	15.014	127.224
No. 3 Canada Western Red Spring	94.00	9.00	19.671	122.671
No. 1 Canada Prairie Spring (Red)	94.00	9.00	18.550	121.550
No. 1 Canada Prairie Spring (White)	99.00	9.00	18.147	126.147
No. 2 Canada Prairie Spring (Red)	92.00	9.00	18.550	119.550
No. 2 Canada Prairie Spring (White)	97.00	9.00	17.147	123.147
No. 1 Canada Western Utility	103.00	9.00	18.374	130.374
No. 2 Canada Western Utility	85.00	9.00	27.374	121.374
Canada Western Feed	85.00	9.00	16.113	110.113
No. 1 Canada Western Red Winter	99.00	9.00	22.275	130.275
No. 2 Canada Western Red Winter	97.00	9.00	22.140	128.140
No. 1 Canada Western Soft White Spring	106.00	9.00	14.666	129.666
No. 2 Canada Western Soft White Spring	103.00	9.00	14.666	126.666

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

OPERATING COSTS

Operating costs incurred applicable to the Pool Account were $74,198,533 or $3.840 per tonne. Details of the principal costs and comment thereon follows:

Carrying Charges—$61,725,293

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on wheat in terminal elevators, amounted to $61,725,293 or $3.194 per tonne.

Interest—$(38,747,835)

This amount consists mainly of interest expense/earnings and interest paid to, or received from, other Board accounts. Interest earned exceeded interest paid by $38,747,835 or $2.005 per tonne.

Additional freight: to Terminals—$19,623,426

Freight Rate Change—$239,723

During the crop year the Board paid $19,623,426 of additional freight arising out of the movement of grain in adverse direction.

With the passage of the *Western Grain Transportation Act* on December 31, 1983, freight rates are now reviewed and adjusted annually. On August 1, 1992, freight rates increased by approximately 8.3 per cent and the Board was required to pay the additional freight on the country stocks held by its agents on August 1, 1992, amounting to $239,723 in the Wheat Account.

Drying Charges—$15,709

Drying charges for 1991-92 totalled $15,709, a significant decrease from the previous year, reflecting lower quantities of tough and damp grain delivered to the pool under review.

Interest and Depreciation on Wheat Board Hopper Cars—$4,087,373

Costs for the use of the Board's 2,000 hopper cars (1,941 remain in the fleet at July 31, 1992) include depreciation and interest. Hopper car expenses attributable to the 1991-92 Wheat Account totalled $4,087,373 compared to $6,604,870 for the previous pool.

Administrative and General Expenses—$26,395,362

This item represents the portion of the cost of operating the Board, including salaries, employee benefits and the cost of operating the Board's head office premises as well as other branches in Canada and overseas that was charged to the Wheat Account. Since the Pool Accounts run for periods which overlap crop years, some part of the operating costs for two consecutive crop years are allocated to the Pool Accounts based on length of time the Pool Accounts were open and tonnage handled. Charges allocated to the 1991-92 Wheat Account were $26,395,362 or $1.366 per tonne on producer receipts of 19 324 862 tonnes compared with $23,977,312 or $1.080 per tonne on producer receipts of 22 196 617 tonnes for the previous pool.

Administrative and general expenses for the 1991-92 crop year from August 1, 1991, to July 31, 1992, totalled $35,341,355 compared to $32,842,896 for the 1990-91 crop year; an increase of $2,498,459 or 7.61 per cent.

POOL ACCOUNT—AMBER DURUM WHEAT

Initial Payments

At the beginning of the crop year a fixed initial price of $90.00 per tonne for No. 1 Canada Western Amber Durum Wheat was set by the Government of Canada. Effective April 15, 1992, the initial price was increased to $98.00 for No.1 Canada Western Amber Durum Wheat.

Supplies and Grade Pattern

Supplies of amber durum wheat in the 1991-92 Pool were 3 175 487 tonnes, comprised of 2 795 236 tonnes delivered by producers, 18 358 tonnes acquired from other than producers and 361 893 tonnes purchased from the previous pool. Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totalled 2.785 million tonnes or 99.64 per cent of total producer deliveries.

FINAL STATEMENT OF OPERATIONS—AMBER DURUM WHEAT—TABLE C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $101,253,487. Operating expenses totalled $7,887,859 for the year or $2.822 per tonne. The principal cost was carrying charges amounting to $8,781,558 or $3.142 per tonne. After deducting the interim payment of $50,314,242 made to producers in November 1992, providing for producer car rebates of $15,476, allowing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to August 31, 1992, the net surplus for distribution to producers amounted to $52,301,467. This net surplus represents an average of $18,711 per tonne on producer deliveries of 2 795 236 tonnes. Table D shows the total price realized by producers for No. 1 Canada Western Amber Durum Wheat of $135,318 per tonne, compared to $125.00 per tonne for the previous year.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1991-92 POOL ACCOUNT—AMBER DURUM WHEAT
FOR THE PERIOD AUGUST 1, 1991, TO AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

TABLE C

	1991-92 Pool Account		1990-91 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	2 795 236 tonnes		3 418 375 tonnes	
	$	$	$	$
Sales Value	379,804,667	135.876	377,324,669	110.381
Initial Payments to Producers	270,663,321	96.830	422,816,807	123.689
Gross Surplus (Deficit)	109,141,346	39.046	(45,492,138)	(13.308)
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	5,055,322	1.809	12,064,130	3.529
Terminal Storage	3,726,236	1.333	5,574,893	1.631
Total Carrying Charges	8,781,558	3.142	17,639,023	5.160
Interest	(5,558,265)	(1.989)	1,063,772	0.311
Demurrage/Despatch	102,991	0.037	85,807	0.025
Additional Freight:				
—To terminals	456,772	0.163	459,031	0.134
—Freight rate change	(303,807)	(0.109)	159,808	0.047
Drying	2,089	0.001	3,089	0.001
Interest and Depreciation on Wheat Board Hopper Cars	588,576	0.211	1,017,179	0.298
Wheat Board Administrative Expenses	3,817,945	1.366	3,692,610	1.080
Total Operating Costs	7,887,859	2.822	24,120,319	7.056
Surplus (Deficit) on Operations	101,253,487	36.224	(69,612,457)	(20.364)
Deduct: Interim Payment	50,314,242	18.000		
	50,939,245	18.224		
Add: Interest earned after August 31	1,428,819	0.511		
Deduct: Cost of Issuing Interim and Final Payments	51,121	0.018		
Deduct: Rebate on Producer Cars	15,476	0.006		
Balance for Distribution to Producers	52,301,467	18.711		

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF AMBER DURUM WHEAT
BASIS IN STORE THUNDER BAY OR
VANCOUVER

TABLE D

Grade	Initial Payment	Interim Payment	Final Payment	Total
	(dollars per tonne)			
No. 1 Canada Western Amber Durum	98.00	18.00	19.318	135.318
No. 2 Canada Western Amber Durum	95.00	18.00	17.366	130.366
No. 3 Canada Western Amber Durum	91.00	18.00	16.397	125.397
No. 4 Canada Western Amber Durum	83.00	18.00	16.882	117.882
No. 5 Canada Western Amber Durum	79.00	18.00	13.113	110.113

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

POOL ACCOUNT—BARLEY

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist mainly of marketing results related to feeding grades of barley.

Initial Payments

At the beginning of the crop year fixed initial prices of $70.00 and $67.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively were set by the Government of Canada. Effective January 2, 1992, the initial price was increased to $76.00 and $73.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively. On April 15, 1992, the initial price was further increased to $86.00 and $83.00 for Nos. 1 and 2 Canada Western Barley respectively.

Supplies and Grade Pattern

Supplies in the regular Feed Barley Pool were 2 203 361 tonnes, comprised of 1 994 574 tonnes delivered by producers, 4 029 tonnes acquired from other than producers, and 204 758 tonnes purchased from the previous pool. Deliveries of Nos. 1 and 2 Canada Western Barley comprised 99.93 per cent of the producer deliveries in the pool.

Final statement of operations —Barley—Table E

Table E shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $42,557,368. Operating expenses totalled $7,490,364 for the year or $3.755 per tonne. The principal cost was carrying charges amounting to $5,818,640 or $2.917 per tonne. After deducting the interim payment of $17,951,166 made to producers in November 1992, providing for producer car rebates of $23,713, allowing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to August 31, 1992, the net surplus for distribution to producers amounted to $25,151,513. This net surplus represents an average of $12.610 per tonne on producer deliveries of 1 994 574 tonnes. Table F shows the total price realized by producers for No. 1 Canada Western Barley of $107.59 per tonne, compared to $90.00 per tonne for the previous year.

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS ON THE 1991-92 POOL ACCOUNT—BARLEY FOR THE PERIOD AUGUST 1, 1991, TO AUGUST 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

TABLE E

	1991-92 Pool Account		1990-91 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	1 994 574 tonnes		4 127 250 tonnes	
	$	$	$	$
Sales Value	221,348,624	110.975	391,661,514	94.897
Initial Payments to Producers	171,300,892	85.883	371,141,676	89.925
Gross Surplus	50,047,732	25.092	20,519,838	4.972
Deduct Operating Costs:				
Carrying Charges:				
Country Elevators	4,221,991	2.117	8,840,207	2.142
Terminal Storage	1,596,649	0.800	1,674,502	0.406
Total Carrying Charges	5,818,640	2.917	10,514,709	2.548
Interest	(5,596,079)	(2.806)	(3,893,139)	(0.943)
Demurrage/Despatch	146,575	0.073	1,451,440	0.352
Additional Freight:				
—To terminals	3,923,491	1.967	7,546,008	1.828
—Freight rate change	48,415	0.024	169,583	0.041
Drying	4,997	0.003	1,484	
Interest and Depreciation on Wheat Board Hopper Cars	419,985	0.211	1,228,113	0.298
Wheat Board Administrative Expenses	2,724,340	1.366	4,458,353	1.080
Total Operating Costs	7,490,364	3.755	21,476,551	5.204
Surplus (Deficit) on Operations	42,557,368	21.337	(956,713)	(0.232)
Deduct: Interim Payment	17,951,166	9.000		
	24,606,202	12.337		
Add: Interest earned after August 31	631,436	0.317		
Deduct: Cost of Issuing Interim and Final Payments	62,412	0.032		
Deduct: Rebate on Producer Cars	23,713	0.012		
Balance for Distribution to Producers	25,151,513	12.610		

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE F

Grade	Initial Payment	Interim Payment	Final Payment	Total
	(dollars per tonne)			
No. 1 Canada Western	86.00	9.00	12.590	107.590
No. 2 Canada Western	83.00	9.00	12.590	104.590
Mixed Grain Canada Western Barley	73.45	9.00	12.590	95.040

POOL ACCOUNT—DESIGNATED BARLEY

As stated previously, since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling has been set up in a separate pool account. This account has been labelled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

At the beginning of the crop year a fixed initial price of $80.00 per tonne for Special Select Canada Western Six-Row (Special Select CW Six-Row) and $90.00 per tonne for Special Select Canada Western Two-Row (Special Select CW Two-Row) was set by the Government of Canada. Effective December 3, 1991, initial prices were increased to $100.00 per tonne for Special Select CW Six-Row and $110.00 for Special Select CW Two-Row. On January 2, 1992, initial prices were further increased to $112.00 per tonne for Special Select CW Six-Row and $122.00 for Special Select CW Two-Row.

Supplies and Grade Pattern

Supplies of barley in the Designated Barley Pool Account were 1 684 140 tonnes representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use in malting, pot or pearling. Of these receipts 482 106 tonnes or 28.63 per cent were Special Select grades and 1 143 164 tonnes or 67.87 per cent were Select grades.

Final Statement of Operations and Surplus for Distribution to Producers—Designated Barley—Table G

Table G shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $34,336,567. As to operating costs, it should be noted that the Designated Barley Pool, by its very nature, does not incur all of the handling expenses normally related to feeding grades of barley or other grains. As a result, expenses attributable to such barley were costs related to hopper cars owned by the Wheat Board, administrative charges, and terminal storage which totalled $2,740,694 or $1.628 per tonne. These expenses were reduced by despatch and interest earnings totalling $2,496,469 or $1.483 per tonne. After deducting the interim payment of $15,157,264 made to producers in November 1992, providing for the cost of issuing the interim and final payments, and adding estimated interest earnings subsequent to October 31, 1992, the net surplus for distribution to producers was $19,345,656 or $11.487 per tonne on producer deliveries of 1 684 140 tonnes. Table H shows the total price realized by producers for Special Select Canada Western Two-Row and Special Select Canada Western Six-Row of $141.996 and $126,926 respectively, compared to $154.79 and $142.79 per tonne respectively for the previous year.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1991-92 POOL ACCOUNT—DESIGNATED BARLEY
FOR THE PERIOD AUGUST 1, 1991, TO OCTOBER 31, 1992
(with prior year's figures for the 1990-91 Pool Account ended October 31, 1991, for comparison)

TABLE G

	1991-92 Pool Account		1990-91 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	1 684 140 tonnes		1 455 000 tonnes	
	$	$	$	$
Sales Value	229,408,494	136.217	216,853,460	149.040
Initial Payments to Producers	194,827,702	115.684	191,376,871	131.530
Gross Surplus	34,580,792	20.533	25,476,589	17.510
Deduct Operating Costs:				
Carrying Charges—				
Terminal Storage	38,235	0.023	17,054	0.012
Interest	(2,281,000)	(1.355)	(3,259,909)	(2.241)
Demurrage/Despatch	(215,469)	(0.128)	(10,243)	(0.007)
Interest and Depreciation on Wheat Board Hopper Cars	356,473	0.212	432,953	0.298
Wheat Board Administrative Expenses	2,345,986	1.393	1,571,725	1.080
Total Operating Costs	244,225	0.145	(1,248,420)	(0.858)
Surplus on Operations	34,336,567	20.388	26,725,009	18.368
Deduct: Interim Payment	15,157,264	9.000	11,639,997	8.000
	19,179,303	11.388	15,085,012	10.368
Add: Interest earned after October 31	194,968	0.116	312,372	0.214
Deduct: Cost of Issuing Interim and Final Payments	28,615	0.017	48,671	0.033
Balance for Distribution to Producers	19,345,656	11.487	15,348,713	10.549

PAYMENTS RECEIVED BY PRODUCERS FOR
PRINCIPAL GRADES OF DESIGNATED BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

TABLE H

Grade	Initial Payment	Interim Payment	Final Payment	Total
	(dollars per tonne)			
Special Select Canada Western Two-Row	122.00	9.00	10.996	141.996
Special Select Canada Western Six-Row	112.00	9.00	5.926	126.926
Select Canada Western Two-Row	117.00	9.00	13.496	139.496
Select Canada Western Six-Row	107.00	9.00	8.426	124.426

NOTES TO FINANCIAL STATEMENTS

The following are an integral part of the financial statements.

1. ACCOUNTING POLICIES

(*a*) *Operating results and valuation of stocks of grain*

The annual accounts at July 31 include the final operating results of all pool accounts for the crop year ended July 31, where marketing operations have been completed before the issuance of the annual report for that year. In determining the financial results for such pools, the accounts of the Board at July 31 include:

(i) the stocks of such grains on hand at that date at the values which were ultimately received from the sale thereof basis in store Thunder Bay, Vancouver or Churchill; and

(ii) provision for all expenses incurred or to be incurred before the sales proceeds are realized in cash or in bills of exchange, including a charge for the portion of administrative and general expenses to be incurred subsequent to July 31 but relating to the marketing and accounting for the grains in the various pools before they are closed.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

NOTES TO FINANCIAL STATEMENTS—*Continued*

(b) *Foreign currency translations*

Bills of exchange receivable in United States funds which are covered by forward exchange contracts are translated at the contract rates. In all other cases, bills of exchange receivable and bank loans payable in United States funds are translated at the rate of exchange in effect as at the balance sheet date.

Foreign exchange adjustments arising from conversion of bills of exchange and bank loans are included in operating results.

(c) *Depreciation*

The rates of depreciation being applied are intended to fully depreciate assets over their expected lives and are as follows:

Hopper cars	30 years
Office building	40 years
Office furniture and equipment	10 years
Automotive equipment	2 years
	(to 1/3 residual value)

(d) *Administration and general expenses*

Administration and general expenses, except for that portion of such expenses attributable to distributing final payments to producers, are allocated to the various pool account operations to which the services relate on the basis of the relative tonnage. Expenses attributable to final payments are allocated on the basis of the number of producers receiving payments from the various pool accounts.

2. BILLS OF EXCHANGE PLUS ACCRUED INTEREST

Of the $6,235,386,389 in total bills of exchange receivable, $3,863,761,814 (1991—$2,998,589,553) represents the Canadian equivalent of $3,263,312,343 (1991—$2,604,524,931) repayable in United States funds.

The balances receivable arise from sales of grain to Algeria, Brazil, Egypt, Ethiopia, Haiti, Iraq, Jamaica, Mexico, Peru, Poland, Russia, Yemen and Zambia. The terms call for payment in full within 36 months or less from time of shipment, except for Brazil, Egypt, Haiti, Jamaica, Mexico, Peru, Poland and Zambia where the Board, together with the Canadian government, have agreed to reschedule certain receivables beyond their original maturity dates. Terms of such reschedulings call for payment of interest and the rescheduled debt within a maximum of 25 years. As at July 31, 1992, total reschedulings amounted to $3,718,872,291 including $1,398,662,356 which is the Canadian equivalent of $1,181,302,665 receivable in United States funds.

During the crop year, the Government of Canada and other creditor nations agreed to a deferral of certain Brazilian obligations that had earlier been rescheduled under bilateral agreements signed in 1984 and 1987. Principal and interest, excluding late interest, due and not paid as at December 31, 1991, and due and not paid from January 1, 1992, to August 31, 1993, are to be rescheduled. The accounts of the Board include $438,412,293 which will be included in this rescheduling.

During the crop year, the Board together with the Government of Canada signed a bilateral agreement with Jamaica, to reschedule over a 15-year period principal and interest, excluding late interest, due and not paid for the period June 1, 1991, to September 30, 1992. The accounts of the Board at July 31, 1992, include $1,917,310 which will be included in this rescheduling.

Subsequent to the crop year, the Government of Canada and other creditor nations agreed to a defferal of certain Jamaican obligations that had earlier been rescheduled under bilateral agreements signed in 1984, 1985, and 1989. Principal and interest, excluding late interest, due from October 1, 1992, to September 30, 1995, inclusive and not paid under the 1984 and 1985 Rescheduling Agreements are to be rescheduled under this Agreement. Principal due and not paid during this period, under the 1989 Rescheduling Agreement, is to be rescheduled as well. As at July 31, 1992, the accounts of the Board include $2,767,401 which may be rescheduled under this Agreement.

Subsequent to the crop year, the Board, together with the Government of Canada signed a bilateral agreement with Peru, to reschedule over a 16-year period principal and interest, including late interest, due and not paid as at September 30, 1991, under the 1979 Rescheduling Agreement. As at July 31, 1992, the accounts of the Board included $11,535,647 (US$9,742,945) which was subject to this 16-year rescheduling. The bilateral agreement also included a provision to allow for the deferral over a seven-year period of amounts due and unpaid as at September 30, 1991, arising from contracts entered into after January 1, 1983. The accounts of the Board as at July 31, 1992, include $14,359,225 (US$12,127,724) which is being deferred under this provision.

During the crop year, the Government of Canada and other creditor nations agreed to a deferral of certain Zambian obligations that had earlier been rescheduled under bilateral agreements signed in 1985, 1990, and 1991. Principal and interest, excluding late interest, due and not paid as at June 30, 1992, and due and not paid from July 1, 1992, to March 31, 1995, are to be rescheduled under this Agreement. Under the terms of this rescheduling the Government of Canada has agreed to provide debt forgiveness of 50 per cent of the amounts arising from the bilateral agreements signed in 1985 and 1990. As at July 31, 1992, the accounts of the Board include $18,663,725 which will be included in this rescheduling. Of this amount, $13,141,862 is subject to the 50 per cent debt forgiveness provision.

During the crop year, the Government of Canada and other creditor nations agreed to a deferral of certain Russian obligations. Principal balances coming due in the period December 5, 1991, to December 31, 1992, under contracts entered into before January 1, 1991, were to be deferred to January 1, 1993. Of these deferred amounts as at January 1, 1993, $90,612,290, which is the Canadian equivalent of $71,297,734 receivable in United States funds, remained unpaid. The bilateral agreement to formalize this deferral has not been concluded as yet and will most likely be replaced by a debt rescheduling between Russia and its creditors.

THE CANADIAN WHEAT BOARD—*Continued*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Continued*

NOTES TO FINANCIAL STATEMENTS—*Continued*

Credit sales are made within limits established by the Government of Canada which guarantees the Board's borrowings incurred to finance such sales, both as to principal and interest. Because of these guarantees, the Board is not at risk should any of the unpaid amounts prove to be uncollectible; therefore, no provision is made in its accounts with respect to the possibility of debtors defaulting on their obligations.

3. ACCOUNTS RECEIVABLE

Accounts receivable include amounts due on completed sales as at July 31 where settlement was received shortly after that date. Sundry accounts receivable consists mainly of freight costs which are recovered on completed sales.

4. COVERED HOPPER CARS

The Board purchased 2,000 covered hopper cars in 1979-80 having an original cost of $90,555,623. Of these 2,000 cars, 59 cars have been wrecked and dismantled leaving 1,941 still in the fleet having an original cost of $87,884,232 with accumulated depreciation of $36,620,381 to July 31, 1992. The Board is reimbursed for destroyed cars under an operating agreement with the Canadian National Railway.

5. DEFERRED CHARGES—TRADE

The Board, in order to meet its sales commitments in the current crop year, purchased amber durum wheat, which had been placed on storage by producers, from some of its agents. In those instances, where some of the agents had delivered grain to the Board in excess of their purchases from producers during the current crop year, the agents had over-delivered their country liability to the Board.

The value of these over-deliveries totaled $13,804,118 and has been recorded as an advanced purchase of the 1992-93 crop.

6. SHORT TERM BORROWINGS

Details of these borrowings are as follows:

	July 31, 1992	July 31, 1991
	$	$
Ordinary Operations		
Borrowings	135,258,369	1,111,185,206
Borrowings to finance credit sales	6,213,624,154	5,424,806,942
	6,348,882,523	6,535,992,148

Of the total borrowings, $3,819,880,047 (1991—$2,976,581,538) represents the Canadian equivalent of $3,226,250,039 (1991—$2,585,409,136) repayable in United States funds.

The Board's borrowings are undertaken with the approval of the Minister of Finance and are guaranteed by the Government of Canada.

7. LIABILITY TO AGENTS FOR GRAIN PURCHASED FROM PRODUCERS

Grain companies, acting in the capacity of agents of the Board, accept deliveries from producers at country elevators and pay the producers on behalf of the Board based on the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its agents at terminal or mill position. Liability to agents amounting to $179,726,020 (1991—$812,274,563) represents the amount payable by the Board to its agents for 1 688 491 (1991—6 332 552) tonnes of grain on hand at country elevator points and in transit at July 31 for which delivery to and settlement by the Board is to be completed subsequent to year end date.

8. LIABILITY TO AGENTS FOR DEFERRED CASH TICKETS

Grain companies, as agents of the Board, deposit with the Board in trust an amount equal to the deferred cash tickets issued for Board grain. These monies are returned to the grain companies to cover producer-deferred cash tickets maturing predominantly during the first days of the following calendar year.

9. ACCRUED EXPENSES AND ACCOUNTS PAYABLE

This item principally comprises accrued carrying charges, storage, interest and transportation charges to July 31, 1992, together with all other unpaid sundry accounts as at the foregoing date. It also includes provisions for all charges relating to the marketing of pool accounts for the period from August 1, 1992, to completion of operations on August 31, 1992, for wheat, amber durum wheat and barley, and to October 31, 1992, for designated barley.

10. SPECIAL ACCOUNT—NET BALANCE OF UNDISTRIBUTED PAYMENT ACCOUNTS

In accordance with the provision of Section 30 of the *Canadian Wheat Board Act,* the Governor in Council may authorize the Board to transfer to a Special Account the unclaimed balances remaining in payment accounts which have been payable to producers for a period of six years or more. In addition to providing for payment of proper claims from producers against these old payment accounts, the Section further provides that these funds shall be used for purposes as the Governor in Council, upon the recommendations of the Board, may deem to be for the benefit of producers.

11. PROVISION FOR FINAL PAYMENT EXPENSES

This item represents the balance of the Board's reserve for final payment expenses of pool accounts that have been closed. Six years after particular accounts have been closed, the remaining reserves for these pools are transferred to the special account by Order-in-Council.

THE CANADIAN WHEAT BOARD—*Concluded*

FINANCIAL RESULTS AND NOTES TO FINANCIAL STATEMENTS—*Concluded*

NOTES TO FINANCIAL STATEMENTS—*Concluded*

12. LEASE COMMITMENTS

The Board, as an agent of Her Majesty in Right of Canada, is the lessor of 2,000 covered hopper cars for the Government of Canada. All lease costs are recoverable from the Government and are not a charge to the operations of the Board. Total payments associated with leases in the year ended July 31, 1992, amounting to $15,382,642 (1991—$14,986,937) have been recovered by the Board. Lease terms are for 20 and 25 years.

13. STATEMENT OF CHANGES IN FINANCIAL POSITIONS

A statement of changes in financial position has not been included as the changes in financial position are evident from the balance sheet and the statements of operations for the pool accounts.

CAPE BRETON DEVELOPMENT CORPORATION

AUDITOR'S REPORT

TO THE MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

I have audited the balance sheet of Cape Breton Development Corporation as at March 31, 1993 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Cape Breton Development Corporation Act* and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 26, 1993

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash	1,910	5,682
Accounts receivable (Note 3)	39,051	38,343
Inventories		
Coal	11,337	31,265
Operating materials and supplies	10,528	11,932
Prepaid expenses	305	162
	63,131	87,384
Capital assets (Note 4)	279,591	297,053
Other asset		
Deferred pension costs (Note 5)	14,101	9,512
	356,823	393,949

LIABILITIES	1993	1992
Current		
Accounts payable	21,818	14,073
Accrued wages and vacation pay	10,699	12,509
Accrued charges	10,466	7,997
Employees' deductions	1,923	2,108
Due to Government of Canada		
Working capital advances		30,000
Other		2,383
Current portion of long term provisions (Note 6)	10,267	6,982
	55,173	76,052
Provision for Lingan Colliery closure (Note 7)	45,615	51,815
Provision for environmental projects (Note 9)	5,440	3,440
	106,228	131,307
EQUITY		
Equity of Canada	250,595	262,642
	356,823	393,949

Commitments (Note 8).
Contingent liabilities and claims (Notes 9 and 10).

Approved by the Board:

M. J. COCHRANE
Director

CLAIR CALLAGHAN
Director

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF EQUITY
YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance, beginning of year	262,642	342,511
Add (deduct)		
Loss for the year	(43,047)	(110,869)
Parliamentary appropriations in respect of capital and operating expenditures	31,000	31,000
Balance, end of year	250,595	262,642

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenue	265,995	253,898
Expenses		
Cost of product sold	184,533	186,593
External freight	11,601	9,747
General and administrative	14,742	17,351
Amortization	46,400	46,725
	257,276	260,416
Profit (loss) from current operations	8,719	(6,518)
Deduct:		
Pensions, early retirement and other costs	33,671	40,346
Provision for Lingan Colliery closure (Note 7)	8,995	59,005
Provision for environmental projects	5,640	5,000
Write-down of capital assets	3,460	
Loss for the year	(43,047)	(110,869)
Reconciliation to government funding basis:		
Amortization and write-down of capital assets not deductible in determining mining income (losses) for Parliamentary appropriation	49,860	46,725
Lingan Colliery closure	(2,915)	57,237
Environmental projects	2,000	5,000
Mining income (losses) for Parliamentary appropriation	5,898	(1,907)

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Net inflow (outflow) of cash related to the following activities:		
Operating		
Loss for the year	(43,047)	(110,869)
Amortization and write-down of capital assets	49,860	46,725
Provision for Lingan Colliery closure net of current portion	(6,200)	51,815
Provision for environmental projects net of current portion	2,000	3,440
Change in non-cash operating working capital items (Note 11)	29,602	11,344
	32,215	2,455
Financing		
Payments by (to) Canada		
In respect of capital and operating expenditures	31,000	31,000
Decrease in repayable working capital advances	(30,000)	(1,000)
	1,000	30,000
Investing		
Purchase of capital assets	(32,493)	(19,420)
Proceeds from sale of capital assets	95	138
Deferred pension costs	(4,589)	(9,512)
	(36,987)	(28,794)
Net inflow (outflow) of cash	(3,772)	3,661
Cash, beginning of year	5,682	2,021
Cash, end of year	1,910	5,682

CAPE BRETON DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1993

1. AUTHORITY AND OBJECTIVES

The Corporation was established in 1967 for the purpose of reorganizing and rehabilitating the coal industry on Cape Breton Island, pursuant to the *Cape Breton Development Corporation Act*. Its current corporate goal is to be a dependable supplier of quality coal and related energy products by operating a safe, commercially viable corporation which will provide a positive working environment through efficient and effective utilization of human, physical and technical resources.

In the February 1992 federal budget, the Minister of Finance announced that a study would be carried out to determine the feasibility of privatization of the Cape Breton Development Corporation. The feasibility of privatization remained under consideration at year end, March 31, 1993.

2. ACCOUNTING POLICIES

(a) Financing

The Corporation, an agent of Her Majesty, is listed as a Schedule III, Part I, corporation for purposes of the *Financial Administration Act*. The Corporation receives Parliamentary appropriations for capital and operating expenditures. Parliamentary appropriations are reflected in the Statement of Equity. In addition, advances from the Government of Canada are provided for working capital purposes to a limit of $50 million on such terms as may be agreed upon, as provided for in the *Cape Breton Development Corporation Act*.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

(c) Capital Assets

Capital assets are stated at cost. The Corporation has provided amortization on its capital assets based on their estimated useful lives, using the straight-line method of calculation, as follows:

Lingan Colliery	2-30 years
Prince Colliery	2-30 years
Phalen Colliery	2-30 years
Devco Railway	5-30 years
Coal Preparation Plant	5-20 years
Other assets	5-20 years

(d) Foreign Currency Translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the rate of exchange prevailing on the transaction date. The resulting foreign currency translation gains and losses are included in the results of operations.

(e) Deferred Pension Costs

Deferred pension costs will be amortized over the estimated average remaining service life of the employees.

(f) Workers' Compensation

In accordance with the *Government Employees' Compensation Act*, the Corporation reimburses Labour Canada for current payments for workers' compensation claims and pensions billed by the Workers' Compensation Board of the Province of Nova Scotia.

3. ACCOUNTS RECEIVABLE

	1993	1992
	(in thousands of dollars)	
Trade	27,920	24,291
Employees	231	152
Government of Canada—In respect of capital expenditures	11,000	14,000
	39,151	38,443
Less: Allowance for doubtful accounts	100	100
	39,051	38,343

4. CAPITAL ASSETS

	1993			1992
	Acquisition cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Lingan Colliery	179,199	179,199		14,081
Prince Colliery	135,721	85,454	50,267	49,356
Phalen Colliery	245,580	109,327	136,253	132,588
Donkin-Morien Development Project	80,679	80,679		
Coal Preparation Plant	102,375	66,659	35,716	46,071
Devco Railway	86,399	42,689	43,710	41,388
Other assets	49,720	36,075	13,645	13,569
	879,673	600,082	279,591	297,053

5. PENSIONS

The Corporation contributes to defined benefit pension plans on behalf of employees of the Corporation. The current service cost of pensions is included in the cost of product sold. All other pension costs are included in pensions, early retirement and other costs.

An actuarial valuation of the Corporation's Non-Contributory Pension Plan as at March 31, 1993 indicated an unfunded liability of $90,337,000 (assets of $146,570,000 and liabilities of $236,907,000). The Corporation has made provision in its annual operating plan for past and current service contributions in amounts at least equal to the anticipated pension payments under this plan. On this basis, the unfunded liability will be funded over a period of eight years or less. The Corporation contributed $22,798,000 (1992—$29,506,000) and expensed $18,209,000 (1992—$17,873,200), relative to this plan for the year ended March 31, 1993 with the difference appearing on the balance sheet as an addition to deferred pension costs.

An actuarial valuation of the Corporation's Contributory Pension Plan as at March 31, 1993 indicated a surplus of $5,429,000 (assets of $34,754,000 and liabilities of $29,325,000). Required Corporation payments in respect of current service costs are funded each year and amounted approximately to the $799,740 (1992—$983,400) expensed relative to this plan for the year ended March 31, 1993.

CAPE BRETON DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1993—*Concluded*

6. CURRENT PORTION OF LONG TERM PROVISIONS

	1993	1992
	(in thousands of dollars)	
Lingan Colliery closure	8,707	5,422
Environmental projects	1,560	1,560
	10,267	6,982

7. PROVISION FOR LINGAN COLLIERY CLOSURE

During 1991, management approved a plan based on the intended discontinuance of Lingan Colliery production by March 31, 1993. Production at Lingan Colliery ceased permanently in November, 1992 as a result of an inrush of water from adjacent flooded workings. The plan included a human resources strategy for employees affected by this closure.

Provisions have been made in 1992 and 1993 for the estimated future cost of this strategy which includes an early retirement incentive, supplementary unemployment benefits for laid-off workers and voluntary severance allowances.

Provisions have also been made for the cost of dismantling and removal of certain capital assets from the Lingan site, as well as certain operating obligations necessary to finalize its closure.

8. COMMITMENTS

(a) The Corporation has commitments on capital projects of approximately $9.3 million.

(b) The Corporation leases the General Mining Building which houses its administrative offices. The lease is for a 20 year period which commenced June, 1984. The annual lease payments fluctuate with changes in the lessor's mortgage interest rates. Current lease payments are $1,225,000 per annum at an interest rate of 8.5%.

9. CONTINGENT LIABILITIES AND CLAIMS

(a) Legal Matters

The Corporation is subject to a claim and several actions totalling approximately $1,920,000. The Corporation intends to oppose these matters in their entirety.

(b) Insurance

The Corporation self insures against the potential loss of underground assets and for a portion of its liability insurance.

(c) Environmental Considerations

The Corporation is subject to regulations that may require it to incur future costs related to environmental issues. In this respect, the Corporation is in the process of developing an environmental management plan.

Over the next five years, the Corporation plans to spend approximately $21 million on environmental activities including the cost of capital assets and project costs. Environmental project costs are charged to operations as incurred or when reasonable estimates can be made.

10. INCOME TAXES

The Corporation is subject to the provisions of the *Income Tax Act*.

During 1990 the Corporation was reassessed by Revenue Canada, Taxation for the years 1983-1989. The reassessment treats funding provided by the Government of Canada as government assistance for operating and capital purposes. The Corporation opposes Revenue Canada's position that appropriations to the Corporation are taxable as income from a business or property.

In 1990, the Government of Canada introduced a Large Corporations Tax. As a result of the above reassessments, the Corporation has not filed income tax returns since 1989 and depending upon the ultimate outcome of this matter, has taken the position it is not subject to the Large Corporations Tax. If the Corporation were to be subject to this tax, the liability to March 31, 1993 is estimated to be approximately $2.3 million plus any interest and penalties which may be assessed.

The outcome of these matters are not determinable at this time and therefore no adjustments have been reflected in these financial statements.

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	1993	1992
	(in thousands of dollars)	
Accounts receivable	(708)	1,165
Inventories		
Coal	19,928	(4,245)
Operating materials and supplies	1,404	3,852
Prepaid expenses	(143)	2,303
Accounts payable	7,745	(3,425)
Accrued wages and vacation pay	(1,810)	460
Accrued charges	2,469	6,602
Employees' deductions	(185)	(2,839)
Due to Government of Canada— Other	(2,383)	489
Current portion of provisions	3,285	6,982
	29,602	11,344

12. LONG TERM AGREEMENT

The Corporation has signed an agreement with the Nova Scotia Power Inc. which calls for the delivery of a substantial portion of the Corporation's coal production to the Nova Scotia Power Inc. The agreement expires in the year 2010.

13. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business.

DEFENCE CONSTRUCTION (1951) LIMITED

MANAGEMENT REPORT

The management of the Corporation is responsible for the performance of the duties delegated to it by the Board of Directors. These include the preparation of an Annual Report and the production of its contents, together with the financial statements. These statements, approved by the Board of Directors, were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and consistently applied. Other financial and operating information appearing in the Annual Report is consistent with that contained in the financial statements.

Management relies on internal accounting control systems designed to provide reasonable assurance that relevant and reliable financial information is produced and that transactions comply with the relevant authorities.

Management also maintains financial and management control systems and practices designed to ensure the transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Defence Production Act*, the *Canada Business Corporations Act* and the articles and by-laws of the Corporation. Management also ensures that assets are safeguarded and controlled and that the operations of the Corporation are carried out effectively. In addition, the Audit Committee, appointed by the Board of Directors, oversees the internal audit activities of the Corporation and performs other such functions as are assigned to it.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing the report thereon.

Lorne Atchison
Chairman of the Board
and President

Trevor Heavens
Vice-President
Finance and Administration

AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of Defence Construction (1951) Limited as at March 31, 1993 and the statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Defence Production Act*, the *Canada Business Corporations Act* and the articles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 7, 1993

DEFENCE CONSTRUCTION (1951) LIMITED—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash (Note 10(b))	1,839,517	1,715,952
Accounts receivable	171,548	121,769
Other	63,659	36,458
	2,074,724	1,874,179
Capital assets (Note 3)	502,949	432,039
	2,577,673	2,306,218

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable and accrued liabilities	1,941,689	1,531,052
Due to Department of National Defence (Note 4)	348,961	713,735
Contractors' security deposits	184,755	128,460
	2,475,405	2,373,247
Provision for employee benefits (Note 5)	1,873,499	1,934,611
	4,348,904	4,307,858
CAPITAL STOCK AND DEFICIT		
Capital stock		
Authorized—1,000 common shares of no par value		
Issued—32 common shares	32	32
Deficit (Note 7)	(1,771,263)	(2,001,672)
	(1,771,231)	(2,001,640)
	2,577,673	2,306,218

Contingencies (Note 10).

Approved by the Board:

J. ADAMS
Director

J.D. McCLURE
Director

DEFENCE CONSTRUCTION (1951) LIMITED—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Expenses		
Salaries	10,378,274	10,344,151
Employee benefits	1,886,089	1,461,210
Travel and removal	774,550	942,945
Office accommodation	484,122	470,082
Office supplies and maintenance	440,265	379,986
Professional services	416,572	210,494
Telephone	369,001	381,958
Amortization	249,967	217,607
Training and professional development	213,690	145,985
Advertising	190,886	148,925
Postage, express and freight	185,010	238,842
Rental of machinery	107,570	110,402
Other	102,923	84,936
	15,798,919	15,137,523
Cost recoveries		
Department of National Defence	14,789,466	14,825,206
Others	1,239,862	739,540
	16,029,328	15,564,746
Excess of cost recoveries over expenses (Note 6)	230,409	427,223
Deficit at beginning of the year	(2,001,672)	(2,428,895)
Deficit at end of the year	(1,771,263)	(2,001,672)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Excess of cost recoveries over expenses	230,409	427,223
Items not requiring cash		
Provision for employee benefits	315,351	(189,235)
Amortization	249,967	217,607
Net decrease in non-cash working capital balances related to operations*	25,178	18,827
Cash provided by operations	820,905	474,422
Employee benefits paid	(376,463)	(349,009)
Cash provided by operating activities	444,442	125,413
Investing activities		
Acquisition of capital assets	(320,877)	(220,719)
Increase (decrease) in cash during the year	123,565	(95,306)
Cash at beginning of the year	1,715,952	1,811,258
Cash at end of the year	1,839,517	1,715,952

* Consisting of changes in accounts receivable, other assets, accounts payable and accrued liabilities, due to Department of National Defence and contractors' security deposits.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and objective

Defence Construction (1951) Limited was incorporated under the *Canada Corporations Act* in 1951 and was continued under the *Canada Business Corporations Act*, pursuant to the authority of the *Defence Production Act*. The corporation is an agent Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The corporation is not subject to income taxes.

The objective of the corporation is principally to contract for and manage the construction, maintenance and repairs services, architectural and engineering services as required for the construction program of the Department of National Defence, pursuant to the Memorandum of Understanding with the latter. It also carries out other projects as approved by Treasury Board.

Pursuant to the Memorandum of Understanding, the Department of National Defence provides the corporation with funding for its net cost of operations and also funds the purchase of capital assets required for its day-to-day operations.

2. Significant accounting policies

Financial statement presentation

The financial statements reflect only the administrative expenses incurred in procuring the services to the Department of National Defence and others, as described above.

Capital assets

Capital assets, comprised of equipment and computers, are recorded at cost and are amortized on a straight-line basis over five years.

Employee termination benefits

Employees are entitled to specified termination benefits calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The corporation's contributions to the plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the corporation and are charged to income on a current basis.

The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

Services provided without charge

The Department of National Defence provides office space free of charge for employees of the corporation.

DEFENCE CONSTRUCTION (1951) LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

3. Capital assets

	1993			1992
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Equipment	848,849	702,292	146,557	125,894
Computers	1,196,030	839,638	356,392	306,145
	2,044,879	1,541,930	502,949	432,039

4. Due to Department of National Defence

The net cost of operations is recovered through the Department of National Defence to the extent of net cash requirement, and any excess of cash advances is refunded after year end. As at March 31, 1993, the net balance due to Department of National Defence was $348,961 (1992—$713,735).

5. Provision for employee benefits

	1993	1992
	$	$
Termination benefits	1,835,235	1,998,236
Life insurance	38,264	40,393
Compensation benefits	400,713	395,082
	2,274,212	2,433,711
Less: current portion	400,713	499,100
	1,873,499	1,934,611

6. Excess of cost recoveries over expenses

The excess of cost recoveries over expenses is the net balance resulting from the change in provision for employee benefits and the change in the net book value of capital assets at year end.

	1993	1992
	$	$
Decrease in provision for employee benefits	159,499	424,111
Increase in net book value of capital assets	70,910	3,112
	230,409	427,223

7. Deficit

The deficit of the corporation is comprised of the difference between the provision for employee benefits, which will be funded in future years as they are paid, and the net book value of capital assets which have been funded by the Department of National Defence.

	1993	1992
	$	$
Provision for employee benefits (Note 5)	2,274,212	2,433,711
Net book value of capital assets (Note 3)	(502,949)	(432,039)
	1,771,263	2,001,672

8. Related party transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The corporation enters into transactions with these entities in the normal course of business.

9. Lease commitments

In addition to the free office space provided by the Department of National Defence, the corporation leases extra accommodation in the performance of its operations. The future minimum annual lease payments are:

Year ending March 31	$
1994	446,457
1995	108,158
1996	8,320
	562,935

10. Contingencies

(a) Claims aggregating approximately $4,559,000 in respect of contractual obligations have been received by the corporation, but are not reflected in the accounts. In the opinion of management and legal counsel, the position of the corporation is defensible. However, the final outcome of such claims is not determinable. Any settlements resulting from the resolution of these claims will be funded by the Department of National Defence, in the year of settlement.

(b) Included in the cash balance as at March 31, 1993 is an amount of $100,000 (1992—$200,000) subject to restricted use which serves as security against the potential risk of environmental damage with respect to a project.

ENTERPRISE CAPE BRETON CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Enterprise Cape Breton Corporation and all information in this annual report have been prepared by the Corporation's management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Where there is more than one acceptable accounting alternative, management has chosen the one that is most appropriate to the circumstances of the Corporation.

Management is responsible for the integrity and objectivity of the information in the consolidated financial statements and annual report. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized and comply with relevant authorities, assets are safeguarded, and proper records are maintained to produce timely, reliable financial statements. In addition, the Audit Committee of the Board oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The Audit Committee of the Board has periodic meetings with management and the independent auditors to discuss the financial reporting process as well as accounting and reporting issues. The financial statements have been reviewed and approved by the Board of Directors of the Corporation upon the recommendation of the Audit Committee.

The Auditor General of Canada conducts an independent audit of the transactions and consolidated financial statements of the Corporation in order to express his opinion thereon.

P. J. Bates
Vice-President and Chief Operating Officer

Francis Mullins
Comptroller and Treasurer

AUDITOR'S REPORT

TO THE MINISTER FOR THE PURPOSES OF THE
ATLANTIC CANADA OPPORTUNITIES AGENCY ACT

I have audited the consolidated balance sheet of Enterprise Cape Breton Corporation as at March 31, 1993 and the consolidated statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation and of its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Enterprise Cape Breton Corporation Act* and the by-laws of the Corporation and its wholly-owned subsidiary.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 21, 1993

(except for Note 13 for which the date is June 14, 1993)

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Cash and short-term investments	953,306	1,111,636
Parliamentary appropriation receivable	1,550,000	1,200,000
Accounts receivable (net of allowance of $144,838; 1992: $13,926)	269,497	467,735
Interest receivable (Note 5)	33,334	60,556
Inventories	32,038	22,818
Prepaid expenses	36,859	36,498
	2,875,034	2,899,243
Loans (Notes 5 and 6)	2,009,008	2,623,283
Investments (net of allowance of $380,000; 1992: $680,000)	330,000	330,000
Capital assets (Note 7)	1	1,432,679
Net assets of discontinued operations (Note 4)		106,211
	5,214,043	7,391,416

LIABILITIES	1993	1992
	$	$
Accounts payable and accrued liabilities	1,583,457	1,813,741
Provision for environmental cleanup (Note 9)	520,000	320,000
Employee termination benefits	492,334	390,133
Due to the Consolidated Revenue Fund (Note 4)	27,298	140,848
Net liabilities of discontinued operations (Note 4)	66,054	
	2,689,143	2,664,722
EQUITY		
Equity of Canada	2,524,900	4,726,694
	5,214,043	7,391,416

Merger of the Corporation (Note 2).
Guarantees (Note 10).
Commitments (Note 11).
Significant subsequent event (Note 13).

Approved by the Board:

HUGH TWEEDIE
Director

BARRY MARTIN
Director

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Equity at beginning of the year	4,726,694	16,718,249
Parliamentary appropriation (Note 8)	10,050,000	10,400,000
	14,776,694	27,118,249
Less:		
Net operating expenses	12,365,344	17,950,707
(Reduction in the amount due to) due to the Consolidated Revenue Fund in respect of proceeds from disposition of assets (Note 4)	(113,550)	4,440,848
Equity at end of the year	2,524,900	4,726,694

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Development expenses		
New business development assistance	8,428,547	8,457,415
General development assistance	280,179	522,354
Provision for doubtful loans and interest	521,158	276,573
Recoveries of doubtful loans and interest	(280,735)	(362,075)
Provision for doubtful investments		380,000
Recoveries of doubtful investments		(622,218)
	8,949,149	8,652,049
Operating expenses of corporate-owned facilities		
Rental	1,158,550	767,948
Tourist	91,011	149,073
Amortization	414,655	1,222,306
	1,664,216	2,139,327
Administrative expenses	1,246,439	1,561,246
Communications	173,574	163,027
Loss (gain) on disposal of capital assets	(109,194)	28,421
Merger expenses (Note 2)	205,909	230,000
Writedown of capital assets (Note 7)	1,211,299	4,912,125
	2,728,027	6,894,819
Total operating expenses	13,341,392	17,686,195
Income from corporate-owned facilities		
Rental	669,268	580,640
Tourist	87,737	130,542
	757,005	711,182
Interest income		
Loans	291,969	361,906
Other	99,339	138,673
	391,308	500,579
Total operating income	1,148,313	1,211,761
Net operating expenses before discontinued operations	12,193,079	16,474,434
Net loss from discontinued operations (Note 4)	172,265	1,476,273
Net operating expenses	12,365,344	17,950,707

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Financing activities		
Parliamentary appropriation	10,050,000	10,400,000
Changes in parliamentary appropriation receivable	(350,000)	(40,000)
Proceeds remitted to the Consolidated Revenue Fund		(4,300,000)
Cash provided by financing activities	9,700,000	6,060,000
Operating activities		
Net operating expenses	(12,365,344)	(17,950,707)
Charges not affecting cash		
Amortization	414,655	1,222,306
Writedown of capital assets	1,211,299	4,912,125
Loss (gain) on disposal of capital assets	(109,194)	28,421
Employee termination benefits	102,201	390,133
Net loss from discontinued operations	172,265	1,476,273
Loan forgiveness	7,393	11,102
Provision for doubtful loans	436,538	155,212
Provision for doubtful investments		380,000
	(10,130,187)	(9,375,135)
Decrease (increase) in non-cash operating working capital*	185,595	539,208
Cash used in operating activities	(9,944,592)	(8,835,927)
Investing activities		
Loan advances	(1,268,664)	(739,523)
Loan repayments	1,439,008	558,579
Purchase of capital assets	(211,849)	(1,151,765)
Proceeds from sale of capital assets	127,767	374,528
Purchase of investments		(380,000)
Net proceeds from sale of subsidiary's assets		4,440,848
Cash provided by investing activities	86,262	3,102,667
Increase (decrease) in cash and short-term investments	(158,330)	326,740
Cash and short-term investments at beginning of the year	1,111,636	784,896
Cash and short-term investments at end of the year	953,306	1,111,636
*Decrease (increase) in non-cash operating working capital:		
Accounts receivable	198,238	(69,234)
Interest receivable	27,222	(4,619)
Inventories	(9,220)	1,918
Prepaid expenses	(361)	148,213
Accounts payable and accrued liabilities	(230,284)	522,930
Provision for environmental cleanup	200,000	(60,000)
	185,595	539,208

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993

1. The Corporation

Authority and objectives

Enterprise Cape Breton Corporation (ECBC or the Corporation) was established pursuant to the *Enterprise Cape Breton Corporation Act* (Part II of the *Government Organization Act, Atlantic Canada, 1987*) which was proclaimed on December 1, 1988. The Corporation is an agent Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. Its objects, as stated in its enabling legislation, are:

to promote and assist either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on the Island of Cape Breton to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

2. Merger of the Corporation

In the February 25, 1992 Budget, the Government of Canada announced its intention to merge ECBC with the Atlantic Canada Opportunities Agency (ACOA). Bill C-93, Part II of which proposes the wind up of ECBC and transferring its functions and staff to ACOA, was passed by the House of Commons in April 1993. As of May 21, 1993 the Bill is under consideration in the Senate. The date of dissolution of the Corporation and merger with ACOA will be established by Order in Council. The consolidated statement of operations includes merger expenses of $205,909 (1992—$230,000) as a result of the proposed legislation.

3. Significant accounting policies

(a) Parliamentary appropriation

Parliamentary appropriation is recorded on the accrual basis with drawdowns based on cash requirements.

(b) Basis of consolidation

The financial statements of Enterprise Cape Breton Corporation include the results of the Corporation and its discontinued operations as outlined below:

	Corporation interest	Period ended
Whale Cove Summer Village Limited	62.5%	March 31
DARR (Cape Breton) Limited	100%	March 31

The subsidiaries are accounted for using the equity method, applied retroactively, because the Corporation has discontinued the operations of DARR (Cape Breton) Limited and adopted a formal plan to dispose of Whale Cove Summer Village Limited (see also Note 4).

(c) Loans

Loans are recorded at the lower of cost and estimated net realizable value. Certain loans may include interest which has been capitalized as principal due to the restructuring of the terms of the loan contract.

(d) Allowances for doubtful and forgivable loans

The allowance for doubtful loans represents management's estimate of probable losses on specific loans outstanding at the end of the year. The allowance is based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including the period of delinquency, market conditions, financial viability of the business and managerial capabilities. A general allowance is included to account for any unexpected delinquencies that may occur throughout the year based on past experience. Management has estimated the effect of these risks and uncertainties when determining the allowance for doubtful loans. Doubtful loans may be reinstated to an accrual status when, in management's opinion, the ultimate collectibility of principal and interest is reasonably assured.

Certain loans are subject to terms of forgiveness as stipulated in the loan contract. The amount eligible for forgiveness is charged to operations when the loan is issued.

Actual loan losses are charged to operations and recoveries are credited to operations. Adjustments of the allowances for doubtful and forgivable loans to the level regarded by management as being appropriate are charged to operations.

(e) Investments

The Corporation has preferred equity holdings as well as partnership interests. These investments are subject to restrictive terms of agreement and are shown at cost net of allowance for doubtful investments.

(f) Interest income

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as doubtful. When a loan is classified as doubtful, uncollected interest for the current year and previous years is charged to the provision for doubtful loans and interest.

Interest payments subsequently received on doubtful loans are recorded as interest income on a cash basis.

(g) Capital assets

Capital assets are recorded at lower of cost less accumulated amortization and net realizable value. Amortization is provided over the estimated useful lives of the capital assets using the straight-line method at the rates indicated below:

Buildings	up to 25 years
Equipment and furniture	4 to 10 years
Computer equipment and software	5 years
Leasehold improvements	up to 20 years
Vehicles	3 or 4 years

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(h) Pension plan

All eligible employees participate only in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Corporation. These contributions are expensed during the period in which the services are rendered and represent the total pension obligations of the Corporation.

(i) Termination benefits

Upon termination of employment, employees are entitled to certain benefits provided for under their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

4. Discontinued operations

(a) DARR (Cape Breton) Limited

In 1992, the Corporation sold for cash, substantially all of the assets of its wholly-owned subsidiary, DARR (Cape Breton) Ltd. The proceeds from the sale of the assets of the subsidiary were less than the carrying value on the books of ECBC and the loss is included in the net loss from discontinued operations. The Corporation was instructed by Treasury Board to remit the net proceeds to the Consolidated Revenue Fund. In March 1992, the Corporation remitted $4.3 million and established a further $140,848 due to the Consolidated Revenue Fund. In 1993, further costs were identified with this discontinued operation, which resulted in a reduction in the amount due to the Consolidated Revenue Fund to $27,298.

The results of the discontinued operations are:

	1993 (12 months)	1992 (15 months)
	$	$
Revenue		1,225,395
Operating expenses	113,550	1,993,388
Writedown of capital assets		700,000
Total expenses	113,550	2,693,388
Net loss from discontinued operations	113,550	1,467,993

The assets and liabilities of the discontinued operation have been included in the financial statements on a net basis.

	1993	1992
	$	$
Current assets	23,864	443,650
Capital assets		
Total assets	23,864	443,650
Less:		
Current liabilities	139,918	446,154
Net liabilities of discontinued operations	116,054	2,504

(b) Whale Cove Summer Village Limited

In conforming with the divestiture plan of the Corporation's assets, the Corporation plans to sell its interest in Whale Cove Summer Village Limited to the non-controlling shareholders. This accelerates the original shareholder agreement which allowed the non-controlling shareholders to purchase the Corporation's interest in 1998.

The results of the discontinued operations are:

	1993	1992
	$	$
Revenue	142,899	138,704
Operating expenses	141,357	146,984
Operating loss (income)	(1,542)	8,280
Writedown of investment	60,257	
Net loss from discontinued operations	58,715	8,280

The assets and liabilities of the discontinued operations have been included in the financial statements on a net basis.

	1993	1992
	$	$
Current assets	33,231	19,169
Capital assets	122,144	141,822
Total assets	155,375	160,991
Liabilities and non-controlling interest	105,375	52,276
Net assets of discontinued operations	50,000	108,715

5. Loans

An analysis of the loan balance outstanding at March 31 is as follows:

Annual interest rate	1993	1992
	$	$
0%	1,570,333	1,192,600
Less than 8%	274,728	378,990
8 - 9.95%	291,043	909,139
10 - 11.88%	1,879,114	3,453,232
12% and over	278,868	296,000
	4,294,086	6,229,961
Less: Allowance for doubtful loans (Note 6)	2,065,455	2,185,791
Allowance for forgivable loans	219,623	1,420,887
	2,009,008	2,623,283

ENTERPRISE CAPE BRETON CORPORATION—*Continued*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

Amounts due by fiscal year based on loan terms are as follows:

	1993	1992
	$	$
Principal past due	328,060	579,733
1993		1,706,553
1994	544,141	998,705
1995	416,627	620,726
1996	365,109	555,189
1997	365,949	484,920
1998 and beyond	2,274,200	1,284,135
	4,294,086	6,229,961
Interest receivable—		
current	93,176	252,491
arrears	69,899	86,708
	163,075	339,199
Less: Allowance for doubtful interest	63,746	73,779
Allowance for forgivable interest	65,995	204,864
	33,334	60,556

6. Allowance for doubtful loans

	1993	1992
	$	$
Balance at beginning of the year	2,185,791	5,089,782
Net write-offs	(556,874)	(3,054,146)
Provision for doubtful loans	436,538	150,155
Balance at end of the year	2,065,455	2,185,791

The allowance covers 26 loans (1992—27) classified as doubtful.

7. Capital assets

	1993			1992
	Cost	Accumulated amortization and writedowns	Net book value	Net book value
	$	$	$	$
Land for development	532,441	532,440	1	532,441
Equipment, furniture, leaseholds	885,727	885,727		284,217
Rental facilities	14,055,256	14,055,256		345,007
Tourist facilities	11,305	11,305		2,648
Agriculture and forestry facilities	1,159,398	1,159,398		268,366
	16,644,127	16,644,126	1	1,432,679

The capital assets have been written down by $1,211,299 (1992—$4,912,126) to recognize that they have no economic value to the Corporation. Prior to the merger, the Corporation intends to transfer the Point Edward Demonstration Farm, the Sydport Industrial Park, and various other physical assets of the Corporation to Public Works Canada at a nominal amount. The remaining furniture, equipment and leasehold improvements will be transferred to ACOA at the time of the merger. The 1992 capital assets associated with the discontinued operation, Whale Cove Summer Village Limited, are included in the net assets of the discontinued operations.

ENTERPRISE CAPE BRETON CORPORATION—*Concluded*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

8. Funding from Government of Canada

The Government of Canada approved a parliamentary appropriation in the amount of $10,520,000 (1992—$10,520,000) of which the Corporation utilized $10,050,000 (1992—$10,400,000).

9. Provision for environmental cleanup

The Corporation has identified certain of its properties that contain environmental contaminants. Management's best estimate of the cost to cleanup these properties have been included in the provision for environmental cleanup. Management will monitor the progress of its cleanup activities and any changes in the estimated cost will be recognized when they can be reasonably determined.

Included in the provision for environmental cleanup is management's best estimate of the cost to finalize the cleanup of the property formerly occupied by a tenant involved in the reclamation of scrap metal. In addition, a vessel containing asbestos is located adjacent to the property. The Corporation has entered into an agreement to make an *ex gratia* payment of $225,000 to the owners of the vessel if it is removed from the site by a specified deadline. If the terms of the agreement are not met, the Corporation could become responsible for the safe disposal of the vessel which management estimates could cost up to $1 million. Management will recognize the cost to dispose of the vessel if the agreement with the owners is not fulfilled.

10. Guarantees

During 1976, the Industrial Development Division of the Cape Breton Development Corporation guaranteed the repayment by Sydney Steel Corporation of that Corporation's $70,000,000 11 1/4% Series D Debentures and the repayment of interest thereon. These funds were borrowed by Sydney Steel Corporation for the purpose of financing its plant rehabilitation program. The balance of the outstanding debentures has since been reduced to $14,910,000 (1992—$18,760,000). The Corporation assumed these guarantees as successor to the Industrial Development Division of the Cape Breton Development Corporation.

11. Commitments

(a) As at March 31 the Corporation had outstanding commitments as follows:

	1993	1992
	$	$
Development assistance	3,923,736	3,222,552
Loans	111,525	548,906
	4,035,261	3,771,458

(b) Future minimum payments by fiscal year on operating leases for premises, with initial non-cancellable lease terms in excess of one year, are as follows:

	$
1994	164,480
1995	13,707
	178,187

12. Related party transactions

The Corporation had transactions with the Atlantic Canada Opportunities Agency during the year in respect of salaries, professional services and other expenses totalling $387,169 (1992—$331,345). The amount included in accounts receivable was $93,807 (1992—$331,345). Further transactions with other government agencies totalled $74,173 (1992—$156,967).

13. Significant subsequent event

On June 10, 1993, Bill C-93 was defeated in the Senate. The Government of Canada has not indicated if it plans to proceed with its stated intention to merge the Corporation with ACOA.

Subsequently, the Board of Directors of the Corporation have indicated that they plan to proceed with the integration of the Corporation's systems and practices, wherever possible, with those of ACOA and with the transfer of capital assets to Public Works Canada or by sale to a third party. The impact, if any, of the change in status of the proposed legislation, will be reflected in the accounts of the Corporation in the period in which they are known.

14. Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

EXPORT DEVELOPMENT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Financial Statements contained in this Annual Report have been prepared by Management in accordance with accounting principles generally accepted in Canada, consistently applied, which conform in all material respects with International Accounting Standards. The integrity and objectivity of the data in these Financial Statements are Management's responsibility. The Financial Statements include some amounts, such as the allowance for losses on loans and claims, that are necessarily based on Management's best estimates and judgement. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the Financial Statements. In support of its responsibility, Management maintains financial and management control systems and practices to provide reasonable assurance that the financial information is reliable, that the assets are safeguarded and the operations are carried out effectively. The Corporation has an internal audit department whose functions include reviewing internal controls and their application, on an on-going basis.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which is composed of Directors who are not employees of the Corporation. The Audit Committee meets with management, the internal auditors and the Auditor General of Canada on a regular basis.

The Board of Directors of EDC is responsible for all business undertaken by the Corporation. Contracts which, in the opinion of the Board of Directors, involve risks for a term or an amount in excess of that which the Corporation would normally undertake, may be entered into under the authority of the Governor General in Council where the Minister considers them to be in the national interest. The Board of Directors has the predominant role in the management of this program and is solely responsible for its administration. Funds required for such contracts are paid to the Corporation by Canada, and funds recovered are remitted to Canada, net of amounts withheld to cover related administrative expenses. The administration of accounts on behalf of Canada is shown in Note 13 to the Corporation's Financial Statements.

The Auditor General of Canada conducts an independent audit, in accordance with generally accepted auditing standards, and expresses his opinion on the Financial Statements. His report is presented on the following page.

Paul Labbé
President and Chief Executive Officer

M.D.J. Bakker
Senior Vice-President Finance and Chief Financial Officer

AUDITOR'S REPORT

TO THE MINISTER FOR INTERNATIONAL TRADE

I have audited the balance sheet of the Export Development Corporation as at December 31, 1992 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Export Development Act* and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
January 27, 1993

EXPORT DEVELOPMENT CORPORATION—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Cash and marketable securities		
Cash and short-term deposits	754,542	764,415
Marketable securities	404,495	197,271
Accrued interest	10,560	9,672
	1,169,597	971,358
Loans receivable (Notes 3 and 4)		
Long-term	6,143,226	5,368,278
Current portion of long-term	1,219,839	1,127,655
	7,363,065	6,495,933
Accrued interest and fees	119,935	114,486
	7,483,000	6,610,419
Less: allowance for losses on loans (Note 5)	608,884	449,202
	6,874,116	6,161,217
Other		
Recoverable insurance claims (note 8)	8,468	5,162
Unamortized debt discount and issue expenses and other assets	54,972	29,947
	63,440	35,109
	8,107,153	7,167,684

LIABILITIES	1992	1991
Loans payable (Note 9)		
Short-term	1,799,448	2,196,507
Current portion of long-term	822,932	705,462
	2,622,380	2,901,969
Long-term	4,123,778	3,011,544
	6,746,158	5,913,513
Accrued interest	163,704	159,399
	6,909,862	6,072,912
Other liabilities and deferred revenues		
Accounts payable	27,452	33,711
Deferred insurance premiums	12,809	9,708
Allowance for claims on insurance and guarantees	97,432	86,144
Deferred loan fees and other credits	180,358	130,147
	318,051	259,710
SHAREHOLDER'S EQUITY		
Share capital (Note 10)	788,200	788,200
Retained earnings	91,040	46,862
	879,240	835,062
	8,107,153	7,167,684

Commitments and contingent liabilities (notes 6 and 7).

Approved by the Board of Directors:

W.R.C. BLUNDELL
Director

M. D. J. BAKKER
Chief Financial Officer

PAUL LABBÉ
Director

EXPORT DEVELOPMENT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Loans and guarantees		
Interest earned	485,932	440,855
Interest relief arrangements	31,280	29,336
Fees earned	42,134	42,275
	559,346	512,466
Less: provision for losses on loans	152,794	72,544
	406,552	439,922
Insurance and guarantees		
Premiums and fees earned	38,803	29,980
Less: provision for claims	19,051	19,338
	19,752	10,642
Investment interest earned	62,165	67,399
	488,469	517,963
Interest expense		
Long-term	314,208	263,586
Short-term	84,703	153,969
	398,911	417,555
Supplementary provision for claims		25,000
Administrative expenses	45,380	42,684
	444,291	485,239
Net income	44,178	32,724
Retained earnings		
Beginning of year	46,862	14,138
End of year	91,040	46,862

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net income	44,178	32,724
Items not affecting cash		
Provision for losses on loans	152,794	72,544
Provision for claims	19,051	44,338
Accrued interest and fees	(18,258)	(2,481)
Other changes	(52,636)	43,374
Cash provided	145,129	190,499
Lending activities		
Loans receivable disbursed	(1,693,622)	(1,494,023)
Loans receivable repaid	1,360,013	970,009
Items not affecting cash		
Net increase (decrease) in deferred revenue	50,606	(14,894)
Interest rescheduled	(11,765)	(15,838)
Loan interest and expenses reversed	(13,576)	(33,030)
Cash used	(308,344)	(587,776)
Financing activities		
Issues of long-term loans payable	1,763,305	883,042
Repayments of long-term loans payable	(868,492)	(838,851)
(Decrease) increase in short-term loans payable	(609,400)	15,406
Issue of share capital		16,200
Cash provided	285,413	75,797
Increase (decrease) in cash and marketable securities	122,198	(321,480)
Foreign exchange on opening balance of cash	75,153	(9,630)
Cash and marketable securities		
Beginning of year	961,686	1,292,796
End of year	1,159,037	961,686

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1992

1. CORPORATE MANDATE AND ACTIVITIES

Export Development Corporation ("The Corporation") was established on October 1, 1969 by the *Export Development Act* ("The Act"), a statute of the Parliament of Canada. The Corporation was created as an agent of Her Majesty in right of Canada for the purpose of facilitating and developing trade between Canada and other countries, by the provision of loans, guarantees and insurance. The Corporation is accountable for its affairs to Parliament through the Minister for International Trade.

The Government of Canada has established an understanding that it may seek Parliamentary appropriations to eliminate any losses the Corporation might incur.

The Corporation is not subject to the requirements of the *Income Tax Act* with respect to its earnings.

As an export credit agency and an agent of Her Majesty in right of Canada, the Corporation benefits from Canada's membership in the Paris Club, an international group, formed to deal on a multilateral basis with payment difficulties experienced by sovereign entities. Through the auspices of this Club and with subsequent negotiation, rescheduling agreements are arranged coupled with the implementation of International Monetary Fund disciplines to alleviate these payment problems.

The Government of Canada is of the view that the evolution of the international debt strategy could lead to concerted multilateral agreement to provide debt and debt service reduction by creditor governments in order to facilitate approved economic adjustment programs by certain debtor countries. The Government of Canada has undertaken to compensate the Corporation fully for any financial consequences arising from the Government's participation in multilateral activities to provide debt and debt service reduction.

The Act allows the Corporation to have outstanding loans and commitments to foreign borrowers up to a maximum of $15 billion. As at December 31, 1992, the position against this limit, determined in accordance with the requirements of the Act, is $10.5 billion (1991—$8.7 billion).

The Act also specifies that the Corporation can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $15 billion. The position against the limit determined in accordance with the requirements of the Act, is $5.7 billion (1991—$5.4 billion).

As an agent of Her Majesty in right of Canada, all of the Corporation's borrowings carry the full faith and credit of Canada. The Act allows the Corporation to borrow up to a maximum of ten times the aggregate of its paid-in capital from time to time and the retained earnings, if any, determined in accordance with the most recent audited Financial Statements. This limit for borrowing is $8.4 billion (1991—$8.0 billion), against which borrowings amounted to $6.7 billion (1991—$5.9 billion).

The Corporation enters into transactions with other Government departments, agencies and Crown corporations in the normal course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with accounting principles generally accepted in Canada, consistently applied, and conform in all material respects with international accounting standards. A summary of significant accounting policies follows:

MARKETABLE SECURITIES

Marketable securities are recorded at market value. Gains and losses are included with investment interest earned.

LOANS RECEIVABLE

Loans receivable, mainly to sovereign entities, are reported in the Canadian dollar equivalent of the original amounts disbursed and include where applicable interest capitalized as part of the rescheduling or restructuring process of loans with payment difficulties.

Loans are classified as accruing or non-accruing. Non-accruing loans are those where there is significant doubt as to collectibility in the short to medium term, where significant payments have not been received for a period of one year after a rescheduling agreement has been signed, or two years where rescheduling measures have not been concluded.The capitalization of interest in subsequent rescheduling agreements for non-accruing loans is not recognized for accounting purposes.

LOAN INTEREST AND FEES

Loan interest is recorded on the accrual basis until such time as Management determines that a loan should be classified as non-performing or when significant payments have not been received for a period of one hundred and eighty days. Subsequently, when a loan is classified as non-accruing, the Corporation reverses previously accrued interest against the allowance for losses on loans.

Any interest payment on a non-performing or non-accruing loan is recorded as interest income when received.

A non-accruing loan is restored to an accrual basis after a pattern of regular payments has been established, normally after three years. When the Corporation restores the loan to an accrual basis, previously non-accrued interest revenue is recognized over the remaining life of the loan.

Loan fees are taken into income over the disbursement and repayment periods of the related loan.

INTEREST RELIEF ARRANGEMENTS

In accordance with the terms of multilateral debt relief and debt service agreements between the Government of Canada and sovereign borrowers, the Corporation accrues as interest revenue amounts due from the Government.

ALLOWANCE FOR LOSSES ON LOANS

The allowance for losses on loans is based on a review of collectibility, at least annually, of all loans to commercial and sovereign borrowers.

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1992—*Continued*

As the result of the review of all loans to commercial borrowers, the Corporation charges to income an amount sufficient to specifically provide for potential losses on the commercial loans receivable portfolio to reflect the impairment of the related commercial loan assets.

In addition to specific allowances for losses on commercial loans, the Corporation prudently sets aside a general allowance based on Management's best estimates of potential losses on the commercial and sovereign loans receivable portfolio for which no specific provision has been made.

It is Management's opinion, based on the Corporation's experience, that except in the rare instances of outright repudiation or the write-off of asset value agreed to by creditors, the ultimate collectibility of a sovereign obligation is not subject to question although indefinite delays in repayment of principal and interest may have to be accepted.

RECOVERABLE INSURANCE CLAIMS

Recoverable insurance claims payments are recorded at estimated recoverable values. Subsequent net gains or losses on recovery are credited or charged to the allowance for claims on insurance and guarantees.

ALLOWANCE FOR CLAIMS ON INSURANCE AND GUARANTEES

The allowance for claims on insurance and guarantees, is based on a review of net loss experience and potential net losses, represents Management's best estimate of the liability for insured events that have occurred and can be reasonably estimated.

INSURANCE PREMIUMS

Insurance premiums and fees are earned in Canada. For short-term insurance policies, premiums are taken into income at the commencement of coverage. Premiums on other export insurance policies are taken into income using methods which generally reflect the exposures over the terms of the policies.

INTEREST EXPENSE

Interest expense includes hedging expenses, derivative financial instruments costs, and the amortization of debt discount and issue expenses are charged to income over the life of the related debt.

TRANSLATION OF FOREIGN CURRENCY

The Corporation hedges its U.S. dollar assets and liabilities on a total portfolio basis. Any net exposure to future changes in the U.S. dollar foreign exchange rate is due to short-term timing differences in cash flows. It is the Corporation's policy to manage assets and liabilities denominated in U.S. dollars in such a way as to minimize this net exposure. All assets and liabilities in foreign currencies other than U.S. dollars are specifically hedged to minimize exposures. All assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at year-end.

Income and expenses are translated at average monthly exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are reported with investment interest earned.

OTHER FINANCIAL INSTRUMENTS

The Corporation uses a variety of off-balance sheet derivative financial instruments, such as forward exchange contracts and currency swaps, interest rate swaps, options, caps and floors, and futures, to reduce market risks and funding costs.

Gains or losses arising from transactions designated as hedges are deferred and recognized in income over the remaining life of the hedged item. The costs of issuing these instruments are included in interest expense.

3. LOANS RECEIVABLE

Loans receivable from both sovereign and commercial borrowers are mostly at fixed interest rates established in competition with similar export credit agencies in other countries.

These loans mature as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
Non-accruing	1,942,164	1,705,622
Within 12 months		
—fixed	679,559	574,572
—floating	463,363	499,556
Overdue	76,917	53,527
1993		583,355
1994	810,416	525,589
1995	609,282	480,021
1996	558,272	418,995
1997	458,260	336,740
1998 and thereafter	1,764,832	1,317,956
Total	7,363,065	6,495,933
Commercial loans included above	1,683,360	1,272,103
Floating rate loans, generally based on LIBOR rates, included in total loans	3,061,407	2,502,492
The geographic distribution of these loans is as follows:		
Pacific and Asia	1,642,954	1,376,426
Middle East and Africa	1,521,422	1,499,005
Europe	1,211,227	875,654
North America and Caribbean	1,544,634	1,458,093
South America	1,442,828	1,286,755
Total	7,363,065	6,495,933

EXPORT DEVELOPMENT CORPORATION—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1992—*Continued*

4. NON-ACCRUING LOANS RECEIVABLE

The geographic distribution of non-accruing loans and off-balance sheet non-accrued interest is as follows:

	December 31			
	1992		1991	
	Principal	Interest	Principal	Interest
	(in thousands of dollars)			
Pacific and Asia				
Middle East and Africa	739,037	249,273	695,840	192,636
Europe	410,803	260,451	242,421	230,441
North America and Caribbean	68,742	64,891	75,069	63,241
South America	723,582	398,507	692,292	368,882
Total	1,942,164	973,122	1,705,622	855,200
Commercial loans included above	98,700	13,617	21,431	5,391

The total off-balance sheet non-accrued interest which has accumulated during the year was $63,273 (1991—$181,878).

The Corporation received interest payments of $89,153 in 1992 (1991—$34,679) from loans designated as non-accruing. This amount was taken into income when received and is included in interest earned.

5. ALLOWANCE FOR LOSSES ON LOANS

The Allowance for losses is as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
General allowance	553,119	386,126
Specific allowance	55,765	63,076
Total balance sheet allowance	608,884	449,202

During the year, the amount charged to the allowance was $14,445 (1991—$33,030), comprised mainly of interest reversals on loans classified as non-accruing.

6. LOAN COMMITMENTS

The Corporation had undisbursed commitments on signed loan agreements of $2,279 million (1991—$1,860 million).

The Corporation expects to fund these undisbursed commitments near the time of their disbursement, typically over a three-year period, by issuing a combination of debt instruments in world capital markets at commercial rates of interest and capital stock. The Corporation generally attempts to match debt maturities and currencies with those of its loans.

7. INSURANCE AND GUARANTEES

The geographic distribution of insurance in force and guarantees of the Corporation is as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
Pacific and Asia	1,122,507	839,169
Middle East and Africa	640,742	436,219
Europe	822,027	895,713
North America and Caribbean	1,720,117	1,259,716
South America	604,176	556,164
Total	4,909,569	3,986,981

8. RECOVERABLE INSURANCE CLAIMS

(in thousands of dollars)

In 1992, the Corporation paid claims on insurance of $18,412 (1991—$13,635), and recovered claims of $2,593 (1991—$12,469). Claims of $12,518 (1991—$4,363) were charged to the Allowance for Claims in 1992.

9. LOANS PAYABLE

The Corporation issues debt instruments in world capital markets at commercial rates of interest. Long-term instruments are issued by the Corporation in U.S. dollars, Deutsche marks, Japanese yen, Italian lire, Finnish markka, European Currency Units (ECU), Swiss francs and Canadian dollars. Most non-U.S. dollar issues were swapped to U.S. dollars.

Currencies of repayment of these instruments are as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
U.S. dollars	4,708,382	3,362,534
ECU	153,765	154,209
Canadian dollars	84,563	189,076
Swiss francs		11,187
Total	4,946,710	3,717,006

Total Loans payable mature as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
Within 12 months		
—fixed	489,815	415,267
—floating	2,132,566	2,486,702
1993		752,011
1994	1,013,222	585,535
1995	72,173	72,173
1996	349,741	338,033
1997	262,378	266,740
1998 and thereafter	2,426,263	997,052
Total	6,746,158	5,913,513
Loans included above at fixed rates (effective interest rate 8.0%)	3,103,353	2,557,804
Floating rate and short-term fixed rate revolving loans (effective interest rate 3.7%)	3,642,805	3,355,709

10. SHARE CAPITAL

The authorized share capital is $1.5 billion consisting of 15 million shares with a par value of $100 each. The number of shares issued and fully paid is 7,882 thousand (1991—7,882 thousand). During the year, the Corporation has issued no shares (1991—162 thousand for a consideration of $16.2 million).

EXPORT DEVELOPMENT CORPORATION—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1992—*Concluded*

11. FOREIGN CURRENCY BALANCES

The Corporation has substantial assets and liabilities in U.S. dollars and in other currencies. The Canadian dollar equivalent after taking into consideration forward exchange contracts and currency swaps is as follows:

	December 31	
	1992	1991
	(in thousands of dollars)	
U.S. DOLLARS		
Assets	6,707,099	5,783,414
Liabilities	6,708,092	5,576,200
Net balance	(993)	207,214
Rate of exchange U.S. $1.00	1.2709	1.1555
OTHER CURRENCIES		
Assets	421,238	395,950
Liabilities	505,659	432,059
Net balance	(84,421)	(36,109)

12. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In any transaction there is always an inherent risk of loss. These risks may be classified as credit risks, wherein the counter-party to a transaction does not perform as agreed, or market risks where an exposure exists as a result of changes in foreign exchange and interest rates.

The Corporation limits its exposure to credit risk by dealing only with financial institutions having very high credit ratings. Internal procedures establish proper credit approvals, controls and monitoring. The Corporation does not anticipate any significant nonperformance by the counterparties due to control procedures in place. As at December 31, 1992, the largest singular exposure to any institution amounted to $55 million (1991—$57 million). To limit its exposure to market risk, and to reduce its funding costs, the Corporation, during the year, used hedges and derivative financial instruments with off-balance sheet risk. Financial instruments, mostly in U.S. dollars with contractual or notional principal amounts outstanding as at December 31, 1992 were as follows:

	December 31	
	1992	1991
	(in millions of dollars)	
Foreign exchange contracts	2,198	1,826
Currency swaps	1,161	1,396
Interest rate swaps	2,188	1,231
Interest rate caps sold, exposure until 1998 ($ U.S.)	350	350
Interest rate options written, expire April 2004 ($ U.S.)	706	150

13. ACCOUNTS ADMINISTERED FOR CANADA

(a) Pursuant to the Act, the Corporation administers for Canada certain loans and insurance programs entered into under the authority of the Governor in Council for which the Board of Directors has the predominant role in the management of the program and is solely responsible for its administration. These accounts are maintained separately from the Corporation's accounts, and are consolidated annually as at March 31 with the financial statements of the Government of Canada which are reported upon separately by the Auditor General of Canada. The assets administered for Canada, mainly loans receivable and accrued interest and fees recorded in accordance with accounting policies and practices approved by the Government of Canada, amounted to $1,906 million (1991—$1,537 million).

(b) Statutory limits, commitments and insurance in force

The Act allows the Accounts administered for Canada to have outstanding loans and commitments to foreign borrowers up to a maximum of $6 billion. The position against this limit, determined in accordance with the requirements of the Act, is $2,411 million (1991—$1,780 million).

The Act also specifies that the Accounts administered for Canada can incur liabilities under contracts of insurance, related guarantees and guarantees pertaining to the lending program up to a maximum of $7 billion. The position against this limit, determined in accordance with the requirements of the Act, is $346 million (1991—$132 million). Insurance in force for the Accounts administered for Canada included in the above positions amounted to $346 million (1991—$152 million).

(c) The Corporation received reimbursement of expenses and administration fees from Canada of $11 million (1991—$10 million).

FARM CREDIT CORPORATION

MANAGEMENT'S REPORT

The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of the Corporation's management and have been reviewed and approved by the Board of Directors. The financial statements include some amounts, such as the allowance for loan losses and the valuation of real estate acquired in settlement of loans, that are necessarily based on management's estimates and judgment.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board, which includes a majority of Directors who are not employees of the Corporation. The Audit Committee meets with management, the internal auditors and the Auditor General of Canada on a regular basis, and the auditors have full and free access to the Audit Committee.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and for issuing his report thereon.

James J. Hewitt
Chairman and Chief Executive Officer

Max Pierce
Senior Vice-President, Finance and
Chief Financial Officer

Regina, Canada
May 28, 1993

AUDITOR'S REPORT

TO THE MINISTER OF AGRICULTURE

I have audited the balance sheet of Farm Credit Corporation as at March 31, 1993 and the statements of operations and deficit and changes in cash position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an audit opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Farm Credit Act* and the by-laws of the Corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 28, 1993

FARM CREDIT CORPORATION—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992	LIABILITIES	1993	1992
Cash and short-term investments	181,116	98,690	Accounts payable and accrued liabilities	8,815	7,641
Accounts receivable	16,742	17,419	Short-term notes	144,571	144,828
Loans receivable, net of allowance for loan losses of $124,000 (1992—$160,000) (Notes 3 and 4)	3,184,733	3,343,190	Downpayments on real estate (Note 6)	11,472	6,926
			Provision for head office relocation (Note 7)	6,974	11,391
Real estate acquired in settlement of loans (Note 5)	231,944	222,595	Provision for employee termination benefits	3,936	4,192
			Deferred loan fees	6,093	2,598
Office equipment and leasehold improvements	8,452	5,061	Loans payable (Note 8)	3,152,560	3,241,249
				3,334,421	3,418,825
			EQUITY		
			Contributed capital (Note 1)	1,118,333	1,118,333
			Deficit	(829,767)	(850,203)
				288,566	268,130
	3,622,987	3,686,955		3,622,987	3,686,955

The accompanying notes are an integral part of the financial statements.

Approved:

JAMES J. HEWITT
Chairman and Chief Executive Officer

DON SWENSON
Director

FARM CREDIT CORPORATION—*Continued*

STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Interest Income		
Loans receivable	336,183	356,941
Short-term investments	16,876	12,982
	353,059	369,923
Interest Expense		
Loans payable	294,757	300,636
Short-term notes	10,464	21,368
	305,221	322,004
Net Interest Income	47,838	47,919
Provision (recovery of provision) for loan losses (Note 4)		(12,796)
Net interest income after provision for loan losses	47,838	60,715
Lease and other revenue from real estate, net of non-interest expenses of $4,347 (1992—$4,748)	32,734	33,765
Other income	1,743	2,126
Net Income before Non-Interest Expenses	82,315	96,606
Administrative expenses	55,255	55,716
Head office relocation (Note 7)	5,426	13,300
Income taxes—large corporations tax (Note 9)	1,198	6,024
Net Income for the Year	20,436	21,566
Deficit at beginning of the year	(850,203)	(871,769)
Deficit at End of the Year	(829,767)	(850,203)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN CASH POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating Activities		
Net income for the year	20,436	21,566
Items not involving cash		
Provision (recovery of provision) for loan losses		(12,796)
Change in accrued interest receivable	26,278	21,163
Change in accrued interest payable	(795)	(3,743)
Change in provision for head office relocation	4,417	11,391
Other	3,053	5,026
Cash Provided by Operating Activities	53,389	42,607
Investing Activities		
Loans receivable disbursed	(294,503)	(339,728)
Loans receivable repaid	368,442	325,699
Proceeds from disposal of real estate	40,056	45,532
Other	5,149	(3,232)
Cash Provided by Investing Activities	119,144	28,271
Financing Activities		
Loans from Canada	265,000	515,500
Loans repaid to Canada	(335,732)	(338,548)
Loans from capital markets	30,882	
Loans repaid to capital markets	(50,000)	(269,500)
Increase in contributed capital		100,000
Change in short-term notes	(257)	(161,716)
Cash Used in Financing Activities	(90,107)	(154,264)
Increase (Decrease) in Cash and Short-Term Investments	82,426	(83,386)
Cash and short-term investments at beginning of the year	98,690	182,076
Cash and Short-Term Investments at End of the Year	181,116	98,690

The accompanying notes are an integral part of the financial statements.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. THE CORPORATION

(a) Authority and objectives

Farm Credit Corporation ("the Corporation") was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board and is an agent Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation makes and administers farm loans under the authority of the *Farm Credit Act* and the *Farm Syndicates Credit Act*, and administers programs as requested by the Government of Canada ("the government").

On April 2, 1993, the *Farm Credit Corporation Act* (the "new Act") was proclaimed into law and replaced the *Farm Credit Act* and the *Farm Syndicates Credit Act*, both of which are repealed. The new Act continues the Farm Credit Corporation with its head office in Regina, Saskatchewan, under an expanded mandate that includes broader lending and administrative powers.

The Corporation's role, as clarified in the Corporate Plan approved in 1988, is to provide mortgage credit and complementary financial services to Canadian farmers on a break-even basis and, when called upon by the government, to deliver specific government programs on a cost-recovery basis.

(b) Contributed capital

Contributed capital of the Corporation constitutes capital payments received from the government. The statutory limit is $1,125 million (1992—$1,125 million), and is unchanged under the new Act.

(c) Limits on borrowing

The *Farm Credit Act* limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the contributed capital of the Corporation. At March 31, 1993, the Corporation's outstanding borrowings under this Act, comprising short-term notes of $145 million and loans payable of $3,153 million, were 2.95 times the contributed capital of $1,118 million (1992—3.03 times the contributed capital of $1,118 million).

The *Farm Syndicates Credit Act* limits the loans from Canada pursuant to the Act to $25 million. At March 31, 1993, the Corporation's loans from Canada under this Act were $12 million (1992—$5 million).

Revised limits in the new Act restrict the total of direct and contingent liabilities to twelve times the equity of the Corporation. This limit can be increased to fifteen times equity with the prior approval of the Governor in Council.

(d) Real estate acquired in settlement of loans

The *Farm Credit Act* restricts the length of time which the Corporation can hold a property to five years from the date of acquisition, or such further period as the Governor in Council may prescribe. The new Act does not contain similar restrictions on holding properties.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Interest income is recorded on the accrual basis until such time as management determines that a loan should be classified as non-accrual. A loan is classified as non-accrual when:

1) principal or interest is six months past due, unless the loan is well secured, or
2) circumstances indicate doubt as to the ultimate collectibility of principal or interest.

When a loan is initially classified as non-accrual, uncollected interest recognized in the year is reversed against interest income and, where necessary, uncollected interest recognized in previous years is provided for in the allowance for loan losses.

Interest payments on non-accrual loans are recorded as interest income when received where it has been determined that the loan does not require a specific provision for loss; otherwise, they are credited to principal.

Non-accrual loans return to accrual status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured.

Lease and other revenues from real estate are recorded when earned.

Loan fees received as compensation for activities which are integral to a specific lending arrangement are deferred and recognized as interest revenue over the term of the resulting loan. Other loan fees are recorded as other income on the same basis as the related costs.

(b) Allowance for loan losses

The allowance for loan losses represents management's best estimate of probable losses on the loans outstanding at the end of the year in light of current conditions. It has a specific and a general component.

The specific component is determined based on a loan-by-loan review of undersecured loans. Specific provisions are established for individual loans, where circumstances indicate doubt as to the ultimate collectibility of principal or interest, to value these loans at the lower of their recorded investment or the estimated net realizable value of the underlying security for the loans.

The general component, which is prudential in nature, is established to provide for losses on loans which cannot yet be identified on a loan-by-loan basis. In addition, as a single industry lender, the Corporation is particularly subject to adverse economic trends and other risks and uncertainties affecting certain agricultural regions or sectors. Accordingly, management has also considered the impact of such factors as land value trends, federal and provincial government programs, international trade negotiations, and future commodity prices and climatic conditions in establishing the general component of the allowance. However, future agricultural and economic conditions are not predictable with certainty and, therefore, actual loan losses may vary from management's estimate.

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

The government has decided to make resources available to reimburse the Corporation for some concessions it will grant in 1993-94 as a result of its participation in the Farm Debt Review process. The types of concessions to be made through the process, the extent of resources to be made available to the Corporation, and the extent to which they will reduce the Corporation's loan losses are not presently known. They are, therefore, not included in establishing the allowance for loan losses.

Actual loan losses, write-downs of acquired real estate, and losses on the sale of real estate are charged to the allowance while recoveries are credited to the allowance. Adjustments of the allowance to the level regarded by management as being appropriate are applied to operations.

(c) *Real estate acquired in settlement of loans*

Real estate is recorded at the lower of the recorded investment in the loan outstanding or the estimated net realizable value of the underlying security for the loan at the time of acquisition. Subsequent declines in estimated net realizable value are charged to the allowance for loan losses in the year in which they occur.

(d) *Farm Debt Review process*

Amounts received from the government on behalf of farmers for concessions granted by the Corporation under the Farm Debt Review process are applied as if they had been received directly from the farmers.

(e) *Office equipment and leasehold improvements*

Office equipment and leasehold improvements are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of office equipment and leasehold improvements according to the following methods and rates:

	Methods	Rates
Equipment and furniture	Declining balance	20%
Computer equipment and software	Straight-line	20%
Leasehold improvements	Straight-line	Lease term plus the first renewal option

(f) *Translation of foreign currencies*

Loans and related interest payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are amortized on a straight-line basis and are charged to interest expense over the lives of the obligations.

(g) *Financial instruments*

In order to reduce interest rate risk and funding costs, the Corporation uses various types of off-balance sheet derivative financial instruments such as, forward rate agreements, currency swaps and interest rate swaps. The cost of these instruments is included in interest expense.

(h) *Pension plan*

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contributions to the plan are limited to matching the employees' contributions for current service. These contributions are expensed during the year in which the services are rendered and represent the total pension obligations of the Corporation.

(i) *Employee termination benefits*

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(j) *Income taxes*

The Corporation follows the tax allocation method of providing for income taxes. The cumulative differences between tax calculated on such a basis and taxes currently payable are essentially timing differences and result in deferred income taxes. The Corporation has deferred income tax benefits which have not been recorded and will only be recognized when there is virtual certainty of realization.

3. LOANS RECEIVABLE

	Annual interest rate	1993	1992
	%	(in thousands of dollars)	
Loans to farmers, secured by mortgages	5-15	3,175,084	3,333,738
Loans to farm syndicates, secured by notes	7-14 5/8	13,512	11,683
Loans receivable from real estate sales, secured by agreements for sale or mortgages	5-14 5/8	33,496	35,486
		3,222,092	3,380,907
Accrued interest—current		58,695	84,781
—arrears		27,946	37,502
		3,308,733	3,503,190
Less: Allowance for loan losses		124,000	160,000
		3,184,733	3,343,190

At March 31, 1993, the Corporation had 3,374 loans representing $338 million of loans receivable classified as non-accrual (1992—4,209 representing $445 million). During the year, interest not recognized on non-accrual loans amounted to $13 million (1992—$21 million). The accumulated interest not recognized on non-accrual loans outstanding at March 31, 1993 amounted to $58 million (1992—$73 million).

4. ALLOWANCE FOR LOAN LOSSES

The summary is as follows:

	1993	1992
	(in thousands of dollars)	
Balance at beginning of the year	160,000	232,665
Write-offs, net of recoveries	(27,648)	(40,336)
Declines in value of real estate	(8,352)	(19,533)
Provision (recovery of provision) for loan losses		(12,796)
Balance at end of the year	124,000	160,000
Specific allowance	24,000	47,000
General allowance	100,000	113,000
Balance at end of the year	124,000	160,000

FARM CREDIT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

5. REAL ESTATE ACQUIRED IN SETTLEMENT OF LOANS

The summary is as follows:

	1993	1992
	(in thousands of dollars)	
Balance at beginning of the year	222,595	224,711
Acquisitions	60,728	66,329
Disposals	(43,027)	(48,912)
Declines in value of real estate	(8,352)	(19,533)
Balance at end of the year	231,944	222,595

Real estate represents farm property acquired in the process of administering loans receivable.

Real estate under long-term leases may be subject to renewal at the expiry of the original lease term. Lease maturities by fiscal year are as follows:

	1993	1992
	(in thousands of dollars)	
Not currently leased	15,819	30,074
1994	93,797	56,469
1995	71,055	84,699
1996	51,273	51,353
	231,944	222,595

6. DOWNPAYMENTS ON REAL ESTATE

	1993	1992
	(in thousands of dollars)	
Equity-building fund	7,849	4,068
Downpayments on real estate sales	3,623	2,858
	11,472	6,926

The Corporation may, through the Equity-Building Lease Program, lease real estate acquired in settlement of loans back to the former owner ("the lessee"). In addition to lease payments, the lessee accumulates funds over the term of the lease by making additional payments to the Corporation. At the discretion of the lessee, these additional payments may then be applied against the purchase of real estate from the Corporation.

7. HEAD OFFICE RELOCATION

The Corporation relocated its head office to Regina, Saskatchewan, effective September 1992. Estimated expenses associated with the move were charged to operations in 1991-1992. Adjustments to the original estimate, arising primarily from increased costs resulting from the lease for the former head office building in Ottawa, have been charged to operations in the current year.

8. LOANS PAYABLE

	Annual interest rate	1993	1992
	%	(in thousands of dollars)	
Loans from Canada, secured by notes			
Farm Credit Act	5 7/8-11 3/8	2,405,915	2,481,551
Farm Syndicates Credit Act	7 5/8-11	11,983	5,123
Loans from capital markets, secured by notes			
Farm Credit Act			
Payable in:			
U.S. dollars (375,000,000)	9-10 3/4	507,987	507,987
Swiss Francs (100,000,000)	11	59,666	59,666
Canadian dollars	5 3/4-12	85,882	105,000
		3,071,433	3,159,327
Accrued interest		81,127	81,922
		3,152,560	3,241,249

Amounts due by fiscal year are as follows:

	1993	1992
1993		383,775
1994	621,931	602,632
1995	401,902	355,065
1996	312,975	312,975
1997	529,684	526,011
1998	354,779	249,769
1999 and thereafter	850,162	729,100
	3,071,433	3,159,327
Accrued interest	81,127	81,922
	3,152,560	3,241,249

In response to certain interest rate risk exposures in the portfolio, the Corporation is renegotiating the terms of some of its loans from Canada.

FARM CREDIT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

9. INCOME TAXES

(a) Timing differences of approximately $177 million are available to the Corporation as at March 31, 1993. These have not been recognized in the accounts since they will not be used in the foreseeable future. They result primarily from differences between the provision for loan losses charged to operations and the amount claimed for income tax purposes.

In addition, the loss carry-forward for income tax purposes which has not been recognized in the financial statements amounts to $577 million and expires on the dates indicated:

	(in thousands of dollars)
March 31, 1996	97,000
1997	480,000
	577,000

During the current year the Corporation will incur no income tax expense, other than the large corporations tax ("LCT"), due to the utilization of $187 million in loss carry-forwards.

(b) Income taxes payable by the Corporation relate to the LCT, which may be offset against any current or future surtaxes payable. The Corporation has no surtax currently payable.

As a result of amendments being considered to the *Income Tax Act* and related Regulations, the Corporation expects that its LCT for the 1992-1993 taxation year will be limited to $1.2 million instead of the $6.5 million that would otherwise be payable.

10. COMMITMENTS TO FARMERS

As at March 31, 1993, loans to farmers approved but not disbursed amounted to $8 million (1992—$58 million). These loans were approved at interest rates from 8% to 11.75%. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1993.

11. OPERATING LEASES

Future minimum payments by fiscal year on operating leases for premises, with initial non-cancelable lease terms in excess of one year, are as follows:

	(in thousands of dollars)
1994	3,756
1995	3,451
1996	2,926
1997	2,578
1998	2,177
1999 and thereafter	5,991
	20,879

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of the amounts established at the commencement of the lease term.

12. GOVERNMENT PROGRAM

Farm Debt Review process

During the year, the Minister of Agriculture was authorized to make contributions to farmers, payable to the Corporation. These payments are based on concessions that the Corporation has granted to farmers under arrangements made pursuant to the *Farm Debt Review Act*. The Corporation is reimbursed at the time farmers realize the benefits of the concessions, which may be over a period as long as five years. These concessions cease if the farmers fail to meet their commitments.

The government has decided to make resources available to reimburse the Corporation for some concessions it will grant in 1993-1994. Since the inception of the Farm Debt Review process, the Corporation has offered $253 million in concessions and billed $214 million to the government, of which $51 million was billed in the current year. The committed difference of $39 million will be due and received over the next five years as farmers meet their commitments and thereby realize the benefits of the concessions.

13. SUBSEQUENT EVENT

On May 27, 1993, the Corporation reached an agreement with the province of New Brunswick to purchase a portfolio of farm loans for consideration totaling $37.4 million.

14. CONTINGENCY

During the year, a claim was made against the Corporation related to the enactment of provincial legislation requiring the lease back of foreclosed property to the borrower. The Corporation successfully defended its position at the trial level and anticipates it will be successful in defending against appeals made to the Saskatchewan Court of Appeal. Therefore, it is management's opinion that there will be no material financial consequences to the Corporation as a result of this litigation.

15. COMPARATIVE FIGURES

Certain 1992 comparative figures have been reclassified to reflect the presentation adopted in 1993.

FEDERAL BUSINESS DEVELOPMENT BANK

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements of the Federal Business Development Bank were prepared and presented by management in accordance with generally accepted accounting principles. The information contained therein normally includes amounts requiring estimation which have been made based upon informed judgment as to the expected results of current transactions and events. The financial information presented elsewhere in this annual report is consistent with the financial statements.

In discharging its responsibility for the integrity, fairness and quality of the financial statements and for the accounting systems from which they are derived, management maintains a system of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by audit and inspection staff who conduct periodic reviews of different aspects of the Bank's operations. In addition, the Vice-President, Internal Audit, and the Independent Auditors have full and free access to the Audit Committee of the Board of Directors which is responsible for overseeing and reviewing management's internal control and reporting responsibilities. The Board of Directors, through the Audit Committee which is comprised of Directors who are not employees of the Bank, is responsible for reviewing and approving the audited annual financial statements.

The Bank's independent auditors, Raymond, Chabot, Martin, Paré and Associates, Chartered Accountants and the Auditor General of Canada have audited the Bank's financial statements and their report indicates the scope of their audit and their opinion on the financial statements.

François Beaudoin
President and Chief Executive Officer

AUDITORS' REPORT

TO THE MINISTER OF
INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE
TO THE MINISTER FOR SCIENCE AND TO THE MINISTER OF STATE
(SMALL BUSINESSES AND TOURISM)

We have audited the balance sheet of the Federal Business Development Bank as at March 31, 1993 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bank as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year, except for the change in accounting for post-retirement benefits other than pensions as explained in Note 12 to the financial statements.

Further, in our opinion, the transactions of the Bank that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Federal Business Development Bank Act*, the by-laws of the Bank and with the directive given to the Bank as disclosed in Note 5.

Raymond, Chabot, Martin, Paré and Associates
Chartered Accountants

Montreal, Canada
May 21, 1993

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 21, 1993

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

BALANCE SHEET AS AT MARCH 31
(in thousands of dollars)

ASSETS	1993	1992
Cash and short-term investments	64,985	166,174
Securities	149,167	
	214,152	166,174
Loans	2,696,046	2,663,330
Venture capital investments (Note 3)	38,254	40,390
Interest due and accrued	8,010	8,333
	2,742,310	2,712,053
Less: Accumulated provision for losses (Note 4)	246,130	256,564
	2,496,180	2,455,489
Capital assets, net of accumulated amortization	4,157	4,592
Unamortized premiuns (net) and debt issue expenses on long-term notes	5,668	310
Accrued interest on swap contracts	37,978	11,625
Other assets	5,759	6,929
	2,763,894	2,645,119

LIABILITIES	1993	1992
Short-term notes	521,127	626,068
Accrued interest on notes and swap contracts	78,430	66,877
Other liabilities (Note 12)	58,124	28,895
	657,681	721,840
Long-term notes (Note 7)	1,830,734	1,623,058
	2,488,415	2,344,898
EQUITY OF CANADA		
Capital paid in by Canada (Notes 8 and 9)	590,000	590,000
Deficit	(314,521)	(289,779)
	275,479	300,221
	2,763,894	2,645,119

Approved by the Board:

ROBERT E. STAFFORD
Director

FRANÇOIS BEAUDOIN
Director

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1993	1992
Financial Services		
Interest and Investment Income		
Loans	294,177	329,602
Venture capital investments	10,778	7,261
	304,955	336,863
Interest Expense		
Long-term notes	145,570	185,103
Short-term notes (net)	27,993	28,213
	173,563	213,316
Net interest and investment income	131,392	123,547
Provision for losses on loans and venture capital investments	43,109	40,469
Net interest and investment income after provision for losses	88,283	83,078
Non-Interest Expenses		
Salaries and staff benefits	49,696	51,070
Premises and equipment, including amortization	12,419	10,692
Other expenses	21,705	19,428
	83,820	81,190
Income from normal operations before the following items (Note 13):	4,463	1,888
Accounting policy change (Note 12)	(20,718)	
Write-down of long-term investment (Note 5)		(79,000)
Net loss	(16,255)	(77,112)
Income from normal operations attributable to:		
Loans Division	982	658
Venture Capital Division	3,481	1,230
Management Services		
Expenditures		
Salaries and staff benefits	20,790	21,211
Premises and equipment	3,099	2,952
Other expenses	8,966	7,149
	32,855	31,312
Revenue from CASE counselling, training seminar registration and other activities	17,311	15,956
Net expenditures before accounting policy change	15,544	15,356
Accounting policy change (Note 12)	8,110	
Total net expenditures	23,654	15,356
Parliamentary appropriation	15,167	15,249
Unfunded expenses	8,487	107
Net expenditures before accounting policy change were incurred as follows:		
Management Counselling	8,329	8,928
Management Training	7,215	6,428
	15,544	15,356

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1993	1992
Deficit, beginning of year	(289,779)	(212,560)
Net loss, Financial Services	(16,255)	(77,112)
Unfunded expenses, Management Services	(8,487)	(107)
Deficit, end of year	(314,521)	(289,779)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	1993	1992
Operating Activities		
Net loss, Financial Services	(16,255)	(77,112)
Unfunded expenses, Management Services	(8,487)	(107)
Items not requiring an outlay of cash:		
Accounting policy change	28,828	
Write-down of long-term investment in Cominco Ltd.		79,000
Provision for losses on loans and venture capital investments	43,109	40,469
Amortization of capital assets	1,469	1,469
Amortization of premiums (net) and debt issue expenses on long-term notes	695	(5,252)
Net change in accrued interest	(14,477)	(28,725)
Net change in other assets and other liabilities	1,571	(6,028)
Cash provided by operating activities	36,453	3,714
Investing Activities		
Disbursements to borrowers and investees	(523,957)	(462,422)
Repayments by borrowers and investees	438,227	486,957
Other	573	1,369
Cash provided (used) by investing activities	(85,157)	25,904
Financing Activities		
Issue of long-term notes	734,271	383,935
Repayment of long-term notes	(526,595)	(734,926)
Net change in short-term notes	(104,941)	329,254
Net change in securities	(149,167)	
Amount paid in by appropriation		9,400
Premiums (net) and debt issue expenses on long-term notes	(6,053)	1,435
Cash used by financing activities	(52,485)	(10,902)
Cash and Short-Term Investments		
Increase (decrease)	(101,189)	18,716
Beginning of year	166,174	147,458
End of year	64,985	166,174

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Act of incorporation, objectives and operations of the Corporation

Federal Business Development Bank is a Crown corporation wholly-owned by the Government of Canada, which was established December 20, 1974, by the *Federal Business Development Bank Act* and commenced operations on October 2, 1975, as the successor to the Industrial Development Bank.

The objectives of the Bank, as stated in the Act, are to promote and assist in the establishment of business enterprises in Canada by providing financial assistance, management counselling and training, giving particular consideration to the needs of small business enterprises.

The Bank's lending and venture capital operations are carried out by Financial Services. Management Services includes counselling and training. A statement of operations is shown for Management Services since it is funded separately by parliamentary appropriation.

Federal Business Development Bank is for all purposes of its Act an agent of the Government of Canada. The Bank's loan portfolio is funded primarily by the sale of debt securities issued by the Bank. Such borrowings carry the full faith and credit of Canada.

The Bank is named in Part I of Schedule III to the *Financial Administration Act* and is exempt from income taxes.

2. Significant accounting policies

Short-term investments and securities:

Short-term investments and securities are carried out at cost adjusted for amortization of premiums or discounts to maturity. Interest revenue and gains or losses on disposals are recorded in interest expense.

Loans and venture capital investments:

Loans are recorded at principal amounts. Venture capital investments are recorded at cost.

Provision for losses on loans and venture capital investments:

The provision for losses on loans is based upon historical experience and the level of loan losses anticipated. This amount is charged against income and added to the accumulated provision for losses to bring it to an amount considered adequate to absorb anticipated credit related losses.

The provision for losses on venture capital investments is established on an account by account basis.

Revenue recognition:

Interest on loans is recorded as income on an accrual basis except that interest is not accrued on loans where management believes that the interest will not be recovered. Dividends, interest and capital gains on venture capital investments are recorded as income when received.

Capital assets and amortization:

Capital assets acquired by Financial Services are recorded at cost and amortized over their estimated useful lives using the straight-line or diminishing-balance methods.

For Management Services, all capital expenditures are charged against income in the year of acquisition as these are funded by parliamentary appropriation.

Premiums, discounts and debt issue expenses:

Premiums, discounts and expenses related to the issue of debt are amortized on a straight-line basis over the term of the obligations to which they pertain and charged to interest expense.

Translation of foreign currencies:

Notes payable in foreign currencies and interest thereon, are fully hedged by foreign exchange forward contracts, foreign exchange options or by currency swap agreements and are translated into Canadian dollars at the rates provided therein. The difference between the principal amount payable at maturity at the contracted rate and the cash proceeds of the issue is considered to be an element of financing costs and is therefore amortized to interest expense over the life of the obligation on a straight-line basis. The unamortized portion of these amounts is included with unamortized debt issue expenses in the balance sheet.

Hedging activities:

The Bank engages in a variety of hedging activities through the use of interest rate swap agreements, interest rate swap options, currency swap agreements, foreign exchange forward contracts, foreign exchange forward options, forward rate agreements and interest rate futures contracts. Any resulting gains or losses from the above instruments are recorded as adjustments to interest expense.

Pension plan:

The Bank maintains a contributory, defined benefit pension plan for eligible employees. Periodic actuarial evaluations are performed by independent actuaries to determine the value of accrued pension benefits and the costs of the plan. Pension expense for the year is comprised of the aggregate of:

- — the cost of pension benefits provided in respect of current service and,
- — the amortization over the expected average remaining service life of employees for adjustments arising from changes in the plan or assumptions, experience gains or losses and the plan funding excess or deficiency determined by the latest actuarial valuation.

The cumulative difference between the amounts of pension expense and funding contributions is recorded in "Other liabilities" or "Other assets" as applicable.

Employee termination entitlements:

Employees of the Bank are eligible for specified termination entitlements, calculated at salary levels in effect at the time of termination, as provided under the conditions of employment.

The present value of the projected costs of unpaid employee termination entitlements, as determined by actuarial valuation, is recorded in "Other liabilities". Such benefits accruing to employees, together with gains and losses resulting from actuarial valuation and any adjustments arising from changes in assumptions, which are amortized over the expected average remaining service life of employees, are recorded as an expense in the current year.

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

Post-retirement benefits other that pensions:

Post-retirement benefits other than pensions, consisting of life insurance and health care benefits to eligible retirees, are accounted for on an accrual basis based on actuarial valuations.

Parliamentary appropriation for Management Services:

Net expenditures for Management Services include expenses for employee termination entitlements, pension plan and post-retirement benefits other than pensions which are not funded by parliamentary appropriation until they are disbursed.

3. Venture capital investments

	1993	1992
	(in thousands of dollars)	
Common shares	19,932	23,502
Preferred shares	4,959	8,725
Debentures	13,363	8,163
	38,254	40,390

4. Accumulated provision for losses

	1993	1992
	(in thousands of dollars)	
Accumulated provision, beginning of year	256,564	240,893
Amounts written off during the year	(55,150)	(28,366)
Recovery of amounts previously written off	1,607	3,568
	203,021	216,095
Provision for the year	43,109	40,469
Accumulated provision, end of year	246,130	256,564

5. Long-term investment

Pursuant to a directive dated October 16, 1986, given by the Government of Canada to the Federal Business Development Bank under section 89 of the *Financial Administration Act*, the Bank was directed to purchase from Cominco Ltd. 790,000 series "E" preferred shares for an amount of $79 million with funds provided by the Government.

Cominco Ltd. is a Canadian mining producer of zinc and lead. This investment forms part of a $260 million program of modernization relating to lead smelting operations in Trail, B.C. A twenty-year agreement signed on behalf of the Government of Canada by Industry, Science and Technology Canada (ISTC) and Cominco Ltd. provides for a sharing in the risks of the project. The redemption of this investment and payment of dividends thereon are tied to the success of the project as determined by a profitability index which is related to the performance of lead and silver prices over the life of the agreement.

A review of lead and silver prices was undertaken in Fiscal 1992 and the Bank was advised that redemption was unlikely. Cominco Ltd., after incurring substantial costs, has been unsuccessful in commissioning the new smelter. Based upon information and advice received in Fiscal 1992, the Bank took a full write-down on this investment. Nevertheless, the agreement remains in force until 2006.

6. Off-balance sheet financial instruments

The Bank enters into hedging transactions to manage exposure to fluctuations in interest rates and foreign exchange. These transactions include interest rate swap agreements, interest rate swap options, currency swap agreements, foreign exchange forward contracts, foreign exchange forward options, forward rate agreements and interest rate futures contracts.

There is an inherent risk of loss related to the possibility the counterparty to a transaction does not perform as agreed. In the event of default by a counterparty, the risk in these transactions would be limited to the currency and interest rate differentials.

The Bank limits its exposure to this type of risk by dealing only with financial institutions having very high credit ratings and by continually monitoring its position and the credit rating of its counterparties.

Interest rate swap agreements and options

Interest rate swap agreements involve the exchange of interest flows over a defined period of time without the exchange of the underlying principal amounts. The options involve the right of parties to exercise swap agreements at specified future dates. As at March 31, the amounts committed were as follows:

	1993	1992
	(in thousands of dollars)	
Interest rate swap agreements	1,848,348	552,600
Interest rate swap options		50,000

Currency swap agreements, foreign exchange forward contracts and options

Currency swap agreements, foreign exchange forward contracts and options are options and/or agreements to buy or sell specified amounts of foreign currencies at fixed prices on specified future dates. As at March 31, the amounts committed were as follows:

	1993	1992
	(in thousands of dollars)	
Currency swap agreements	680,451	415,300
Foreign exchange forward contracts	445,771	679,300
Foreign exchange forward options	40,510	40,510

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

Forward rate agreements and interest rate futures contracts

Forward rate agreements and interest rate futures contracts are contracts to buy or sell financial instruments at fixed rates or prices at specified dates. As at March 31, the amounts outstanding were as follows:

	1993	1992
	(in thousands of dollars)	
Forward rate agreements	256,000	410,000
Interest rate futures contracts	75,000	55,000

7. Long-term notes

The table below shows Canadian dollar notes and foreign currency notes converted into Canadian dollars.

Maturity date	Nominal rate	Denominated in foreign currency		1993	1992
	%	(in thousands)		(in thousands of dollars)	
Within a year					
1993	8.75-18.00	AUD	5,700		
		USD	81,900		
		ITL	64,700,000		
		CAD	352,735		520,260
1994	Zero coupon— 13.35	SF	15,000		
		ITL	25,000,000		
		USD	100,500		
		CAD	222,000	379,864	242,291
Longer than a year					
April 25, 1994	10.85 (1)			25,000	25,000
April 25, 1994	10.85 (2)	USD	20,000	23,730	23,730
June 22, 1994	9.00 (3)	ECU	100,000	125,350	125,350
July 21, 1994	5.10	JPY	2,800,000	25,000	25,000
August 9, 1994	9.05			6,476	6,476
August 11, 1994	9.00	ECU	5,000	8,241	
August 11, 1994	9.00	ECU	5,000	8,128	
September 12, 1994	Zero coupon (4)			40,000	
November 1, 1994	11.00 (5)			6,000	9,000
November 7, 1994	10.35			8,823	8,823
November 18, 1994	Floating (6)	USD	5,000	5,601	5,601
November 18, 1994	10.79 (7)			9,668	9,668
November 25, 1994	7.97			50,000	50,000
December 7, 1994	10.00			150,000	150,000
December 9, 1994	Floating (8)	AUD	50,000	45,588	
March 20, 1995	8.25			100,000	100,000
March 29, 1995	11.50			100,000	100,000
May 8, 1995	8.65			20,000	20,000
May 9, 1995	8.65			7,440	7,440
May 18, 1995	12.00			20,000	20,000
June 8, 1995	10.40 (9)	JPY	5,000,000	46,176	
February 18, 1996	7.35			75,000	
May 8, 1996	11.49 (10)	USD	50,000	57,705	57,705
July 10, 1996	Zero coupon (2)			10,000	10,000
August 5, 1996	7.20 (9)	JPY	5,000,000	47,418	
December 11, 1996	6.50	JPY	2,920,000	25,000	25,000
December 17, 1996	7.25			100,000	
August 27, 1997	Floating (11)	JPY	2,000,000	18,741	
September 10, 1997	Floating (11)	JPY	6,000,000	57,406	
March 10, 1998	7.50			150,000	
July 29, 1998	6.00 (12)	JPY	3,349,500	28,379	31,714
November 25, 1998	8.78			50,000	50,000
				1,830,734	1,623,058
Current portion of long-term notes with maturity date longer than a year				6,672	6,335

FEDERAL BUSINESS DEVELOPMENT BANK—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(1) Repayment terms are related to the performance of the TSE 35 index.

(2) Repayment terms are related to the performance of the S & P 500 index.

(3) Interest rate at 9% is payable semi-annually on ECU 50,000,000 up to December 1993 and on the remaining up to March 1994. Following these dates, interest rate is payable at 90 days Canadian Bankers Acceptance rate compounded quarterly and payable at maturity.

(4) Repayment terms are related to the performance of a basket of Canadian Banks' shares.

(5) Payable in $3 million installments each November to maturity.

(6) Interest rate is 6-month LIBOR plus 2.00%. Repayment terms are related to the value of the Spanish Peseta and the Deutsche Mark.

(7) Repayment terms are related to the value of the Italian Lira and the Deutsche Mark.

(8) Interest rate is based on the 6-month Australian Bankers Acceptance rate.

(9) Repayment terms are related to the performance of the NIKKEI Stock Average.

(10) Repayment terms are related to the value of the Australian Dollar and the Japanese Yen.

(11) Interest rate is the Yen LIBOR.

(12) Principal and interest are payable in annual blended installment of JPY 599,992,903 (CAD 6,529,103) to maturity.

The preceding table includes $1,166.1 million in 1993 and $417.7 million in 1992 of long-term notes payable which have been the subject of interest rate swap agreements and options with other financial institutions. These borrowings fund a portion of the Bank's floating interest rate loan portfolio.

As at March 31, 1993, the payments on long-term notes are as follows:

Fiscal	(in thousands of dollars)
1994	386,536
1995	734,605
1996	168,616
1997	240,123
1998	226,147
1999	74,707
	1,830,734

8. Capital paid in by Canada

	1993	1992
	(in thousands of dollars)	
Amount paid to the Bank of Canada as referred to in subsection 28(1)(a) of the *Federal Business Development Bank Act*	79,000	79,000
Amounts paid in pursuant to subsection 28(1) of the *Federal Business Development Bank Act*	475,000	475,000
Amounts paid in by appropriation	36,000	36,000
	590,000	590,000

9. Statutory limitations on capital and operations

The Minister of Finance, with the approval of the Governor in Council, has authorized capital payments to the Bank totalling $475 million, being the maximum allowed by subsection 28(1) of the *Federal Business Development Bank Act*. The Bank may receive additional funding for the purposes of section 20 of the Act by way of parliamentary appropriation.

The total of direct and contingent liabilities of the Bank may not exceed twelve times the amount of its "Capital" as defined in subsection 28(2) of the *Federal Business Development Bank Act* (or up to fifteen times with the approval of the Governor in Council). These liabilities combined with the Bank's "Capital" may not exceed $3.2 billion.

10. Contingent liabilities and commitments

As at March 31, 1993:

(a) the Bank is guarantor of loans aggregating $1.0 million.

(b) various legal proceedings arising from the normal course of business are pending against the Bank. Management considers that the aggregate liability resulting from these proceedings will not be material.

(c) the undisbursed amounts on loans and venture capital investments authorized aggregate $158.2 million.

(d) the future minimum lease commitments under operating leases related to the rental of Bank premises are as follows:

	(in thousands of dollars)
1994	6,787
1995	6,059
1996	5,520
1997	3,900
1998	1,521
1999-2002	1,445
	25,232

FEDERAL BUSINESS DEVELOPMENT BANK—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

11. Pension plan

Based on the latest actuarial valuation prepared as of December 31, 1992, the present value of the accrued pension benefits and the market related value of the net assets amount to $228.6 million and $230.3 million respectively. The pension expense included in the statements of operations for the year ended March 31, 1993, amounts to $4.0 million and $3.8 million in 1992. The cumulative difference between the amounts expensed and the funding contributions is recorded in the Balance Sheet. The cumulative deferred charge amounts to $0.3 million as at March 31, 1993, and $1.1 million as at March 31, 1992.

12. Accounting policy change

Commencing March 31, 1993, post-retirement benefits other than pensions are accounted for on an accrual basis. Previously, these costs were expensed as paid. The effect of this change, which was applied prospectively, resulted in additional expenses of $20.7 million for Financial Services. For Management Services, there is an increase in total net expenditures and unfunded expenses of $8.1 million. The cumulative liability amounted to $28.8 million and is recorded in "Other liabilities".

13. Financial Services

The statement of operations for Financial Services is comprised of the results of the Loans Division and the Venture Capital Division which are segregated below. Within the capital of the Bank as at March 31, 1993, is an amount of $55.0 million provided by the Government of Canada to fund the venture capital investment portfolio.

	1993			1992		
	Loans	Venture capital	Total	Loans	Venture capital	Total
	(in thousands of dollars)					
Interest and investment income	294,177	10,778	304,955	329,602	7,261	336,863
Interest expense	173,563		173,563	213,316		213,316
Net interest and investment income	120,614	10,778	131,392	116,286	7,261	123,547
Provision for losses	38,944	4,165	43,109	37,494	2,975	40,469
Net interest and investment income after provision for losses	81,670	6,613	88,283	78,792	4,286	83,078
Non-interest expenses	80,688	3,132	83,820	78,134	3,056	81,190
Income from normal operations	982	3,481	4,463	658	1,230	1,888

14. Cultural Industries Development Fund

The Federal Business Development Bank administers on behalf of the Department of Communications (DOC), the Cultural Industries Development Fund (CIDF). The CIDF was developed to provide, under certain conditions, flexible financing and management counselling to businesses involved in the Canadian cultural industries. As stipulated in the agreement, DOC will finance up to $33.0 million over a five-year period which commenced in Fiscal 1992, part of which covers the administration and delivery of the program. A total of $8.6 million was transferred to the CIDF in Fiscal 1993 ($8.0 million in Fiscal 1992). This fund is not accounted for in the financial statements of the Bank.

15. Comparative financial data

Certain amounts pertaining to the fiscal year ended March 31, 1992, have been reclassified to conform with the presentation adopted for the fiscal year ended March 31, 1993.

FRESHWATER FISH MARKETING CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Freshwater Fish Marketing Corporation and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices are designed to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the Corporation's policies and statutory requirements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and exercises this responsibility through the Audit Committee of the Board, which is composed of Directors who are not employees of the Corporation. The Audit Committee meets regularly with management and the external auditors, who have full and free access to the Audit Committee.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister of Fisheries and Oceans.

Tom Dunn
President

Gabriella Bradics
Controller

Winnipeg, Canada
July 16, 1993

AUDITOR'S REPORT

TO THE MINISTER OF FISHERIES AND OCEANS

I have audited the balance sheet of the Freshwater Fish Marketing Corporation as at April 30, 1993 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 16, 1993

FRESHWATER FISH MARKETING CORPORATION—*Continued*

BALANCE SHEET AS AT APRIL 30, 1993

ASSETS	1993	1992
	$	$
Current		
Accounts receivable		
Trade	3,257,080	5,740,987
Other	733,703	1,137,120
Loan receivable (Note 3)	76,320	71,490
Inventories		
Finished fish products	5,314,642	4,900,496
Packaging material and supplies	1,120,337	1,210,721
Prepaid expenses	141,892	108,759
	10,643,974	13,169,573
Loan receivable (Note 3)	477,000	520,085
Capital assets (Note 4)	8,029,480	8,560,455
	19,150,454	22,250,113

LIABILITIES	1993	1992
	$	$
Current		
Bank indebtedness	200,442	173,163
Working capital loans from Canada (Note 5)	800,000	5,400,000
Bank loans (Note 6)	5,164,320	3,656,790
Accounts payable and accrued liabilities	1,816,723	2,775,907
Provision for final payments to fishermen	6,689,416	5,897,125
	14,670,901	17,902,985
Bank loans (Note 6)	508,800	549,962
	15,179,701	18,452,947
EQUITY		
Retained earnings	3,970,753	3,797,166
	19,150,454	22,250,113

Approved by the Board:

CLAUDETTE BOURRIER
Director

EDWARD ISFELD
Director

FRESHWATER FISH MARKETING CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED APRIL 30, 1993

	1993	1992
	$	$
Sales		
Export	37,586,348	42,275,411
Domestic	8,175,575	9,207,966
	45,761,923	51,483,377
Expenses		
Cost of sales	34,754,970	40,999,916
Amortization	1,561,054	1,606,353
Salaries and employee benefits	1,108,445	1,095,081
Interest (Note 7)	487,590	907,415
Other	986,861	615,182
	38,898,920	45,223,947
Income before provision for final payments to fishermen	6,863,003	6,259,430
Provision for final payments to fishermen	6,689,416	5,897,125
Net income for the year	173,587	362,305
Retained earnings at beginning of the year	3,797,166	3,434,861
Retained earnings at end of the year	3,970,753	3,797,166

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED APRIL 30, 1993

	1993	1992
	$	$
Cash provided by (used for)		
Operating activities		
Net income for the year	173,587	362,305
Add (deduct) items not affecting cash		
Amortization	1,561,054	1,606,353
Loss (gain) on sale of capital assets	7,965	(523)
Net changes in non-cash working capital balances relating to operations	1,571,244	(3,707,197)
Cash provided by (used for) operations	3,313,850	(1,739,062)
Investing activities		
Additions to capital assets	(1,064,073)	(935,695)
Decrease in loan receivable	38,255	69,675
Proceeds on sale of capital assets	26,030	2,600
Cash used for investing activities	(999,788)	(863,420)
Financing activities		
Increase in bank loans	1,466,368	3,539,752
Decrease in working capital loans from Canada	(4,600,000)	(4,500,000)
Cash used for financing activities	(3,133,632)	(960,248)
Increase in provision for final payments to fishermen	792,291	3,807,785
Increase (decrease) in cash during the year	(27,279)	245,055
Bank indebtedness at beginning of year	(173,163)	(418,218)
Bank indebtedness at end of year	(200,442)	(173,163)

FRESHWATER FISH MARKETING CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1993

1. AUTHORITY, OBJECTIVES AND OPERATIONS

The Corporation was established by the *Freshwater Fish Marketing Act* (the Act) in 1969, as a corporation without share capital, for the purpose of marketing and trading in fish, fish products and fish by-products in and out of Canada. The Corporation is an agent Crown corporation named in Schedule III, Part I of the *Financial Administration Act* and is required to conduct its operations on a self-sustaining basis. Total loans outstanding from Canada and from banks may not exceed $30 million.

The Corporation has the exclusive right to market the products of the commercial fishery in the provinces participating in the program in inter-provincial and export trade. Participation of the provinces of Manitoba, Saskatchewan, Alberta and Ontario and the Northwest Territories was established by agreement with the Government of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

Inventories

Finished fish products are valued at the lower of cost and net realizable value. Packaging material and parts are valued at the lower of cost and replacement cost.

Amortization

Amortization is based on the estimated useful lives of the assets using the following methods and annual rates:

Buildings	—Lake stations	Straight-line	5-10%
	—Plants	Straight-line	2 1/2%
Equipment	—Machinery and office equipment	Declining balance	10-40%
	—Automotive	Declining balance	30%
Fresh fish delivery tubs		Straight-line	10%
Vessels		Straight-line	6 2/3%

Leasehold improvements are amortized on a straight-line basis over the term of the lease. Lease terms vary in length up to 20 years.

Payments to fishermen

The Corporation purchases fish at initial prices established by the Board of Directors and the cost of such purchases is included in the cost of sales. A guide used in the determination of the initial price is 80% of the projected total payments to fishermen (initial plus final), based upon forecasts prepared by the Corporation. Final payments, if any, to fishermen are determined by the Board after the end of the year, based on the results of operations for the year. The final payments are made in respect of products purchased during the year and therefore are charged to operations of the current year.

Foreign currency translation

Amounts receivable and payable denominated in foreign currency are translated into Canadian dollars at the year-end exchange rate. Transactions in foreign currency during the year are translated at the rate in effect at the time of the transactions. Foreign exchange gains and losses are included in interest expense.

Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the plan. The Corporation's contributions are charged to expenditure on a current year basis, and represent the total pension obligations of the Corporation. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. LOAN RECEIVABLE

The loan receivable is secured by various property, plant and equipment and matures in 1995.

4. CAPITAL ASSETS

	1993			1992
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	263,065		263,065	263,065
Buildings	6,390,643	3,347,816	3,042,827	3,180,284
Equipment	13,598,621	9,719,033	3,879,588	4,500,402
Fresh fish delivery tubs	2,818,731	2,513,977	304,754	447,571
Vessels	221,681	55,205	166,476	104,193
Leasehold improvements	426,346	423,271	3,075	5,759
Construction in progress	369,695		369,695	59,181
	24,088,782	16,059,302	8,029,480	8,560,455

5. WORKING CAPITAL LOANS FROM CANADA

These loans are made under Section 16(1) of the Act and bear interest at 5.47% (1992—6.7203%). They are secured by promissory notes.

6. BANK LOANS

	1993	1992
	$	$
Promissory note, repayable in U.S. dollars, bearing interest at 3.6875% (4.5% in 1992), maturing July 30, 1993	5,088,000	3,585,300
Unsecured loan, repayable in monthly instalments of $5,000 U.S., bearing interest at 9%, maturing in 1995	585,120	621,452
	5,673,120	4,206,752
Less: current portion	5,164,320	3,656,790
	508,800	549,962

FRESHWATER FISH MARKETING CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1993—*Concluded*

7. INTEREST EXPENSE

	1993	1992
	$	$
Interest on working capital loans from Canada	232,010	833,386
Interest on bank loans	242,768	144,309
Loss on foreign exchange	155,799	157,275
Interest income	(142,987)	(227,555)
	487,590	907,415

8. INCOME TAXES

The Corporation is eligible to deduct for tax purposes a portion of its eligible capital cost allowance, and accordingly has no taxable income for the year. At April 30, 1993, the excess of undepreciated capital cost over net book value of capital assets amounted to $2,332,773 (1992—$2,506,204) which can be used to reduce future years' taxable income.

9. REMUNERATION TO FOREIGN AGENTS

During the year, the Corporation paid an aggregate amount of $626,223 (1992—$712,635) to the following foreign sales agents: Juhl Brokerage Incorporation, Associated Marketing Services Inc., R.M. Sloan Co., G&G Food Sales Company, Benolken Brokerage Company, X. Sea. Lnt International Corp., Performance Foods, Bocar Enterprises, Great Lakes Marketing, McMahon & MacDonald Food Brokers, D.B. Clark Sales, Better 4U Foods, Seawise Inc., Rogers American Co—United States; I. LeGrand H. Malo et Cie—France; Lejos Oy—Finland; Rud Kanzow Gmbh & Co.—Germany; BOE Sjostrom Trading AB—Sweden.

GREAT LAKES PILOTAGE AUTHORITY LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Great Lakes Pilotage Authority Ltd. as at December 31, 1992 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the Authority.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
January 22, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash and short-term deposits	798,324	1,588,922
Accounts receivable	1,103,169	1,158,326
Due from Canada (Note 3)	1,000,000	
	2,901,493	2,747,248
Capital assets (Note 4)	32,435	31,702
	2,933,928	2,778,950

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	2,078,457	2,603,527
Accrued employee termination benefits	133,364	85,679
	2,211,821	2,689,206
Long-term		
Accrued employee termination benefits	3,243,208	3,321,530
	5,455,029	6,010,736
SHAREHOLDER'S DEFICIENCY		
Capital stock		
Authorized—50 shares		
Issued and fully paid—15 shares	1,500	1,500
Contributed capital	82,074	82,074
Deficit	(2,604,675)	(3,315,360)
Commitments (Note 6)		
	(2,521,101)	(3,231,786)
	2,933,928	2,778,950

Approved by the Board:

R.G. ARMSTRONG
Director

G. ST. MARSEILLE
Director

GREAT LAKES PILOTAGE AUTHORITY LTD.—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenues		
Pilotage charges	8,105,298	7,739,163
Despatching and pilot boat income	125,823	166,091
Interest and other income	60,774	139,111
	8,291,895	8,044,365
Expenses		
Pilots' salaries and benefits	6,654,911	6,988,401
Staff salaries and benefits	1,030,839	1,040,863
Transportation and travel	610,237	635,786
Pilot boat services	475,773	493,541
Employee termination benefits	179,837	348,174
Professional and special services	149,704	134,410
Life insurance experience loss	85,000	67,164
Rentals	54,702	54,635
Communications	46,525	53,646
Utilities, materials and supplies	44,045	34,830
Retired employee benefits	31,772	31,521
Purchased despatching services	31,315	28,329
Pilot training costs	13,560	9,683
Amortization	12,908	10,708
Repairs and maintenance	10,082	12,540
	9,431,210	9,944,231
Loss for the year	(1,139,315)	(1,899,866)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Balance, beginning of the year	(3,315,360)	(2,859,494)
Parliamentary appropriation to finance (Note 3):		
1990 cash operating loss		1,444,000
1991 cash operating loss	850,000	
1992 cash operating loss	1,000,000	
Loss for the year	(1,139,315)	(1,899,866)
Balance, end of the year	(2,604,675)	(3,315,360)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the year	(1,139,315)	(1,899,866)
Items not requiring cash		
Employee termination benefits accrual	179,837	348,174
Amortization	12,908	10,708
Net change in working capital components other than cash and short-term deposits	(469,913)	371,202
Employee termination benefits payments	(210,474)	(266,344)
	(1,626,957)	(1,436,126)
Financing activities		
Parliamentary appropriation	850,000	1,444,000
Investing activities		
Increase in capital assets	(13,641)	(4,232)
Increase (decrease) in cash	(790,598)	3,642
Cash and short-term deposits, beginning of year	1,588,922	1,585,280
Cash and short-term deposits, end of year	798,324	1,588,922

GREAT LAKES PILOTAGE AUTHORITY LTD.—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and objectives

The Great Lakes Pilotage Authority Ltd. was established in February 1972 pursuant to the *Pilotage Act*, incorporated as a limited company in May 1972, and is continued under the *Canada Business Corporations Act*. Pursuant to the *Financial Administration Act*, the Authority is a Crown corporation listed in Schedule III Part I thereto. The Authority is a subsidiary of The St. Lawrence Seaway Authority but is deemed to be a parent corporation within the meaning of the *Financial Administration Act*.

The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act provides that the pilotage tariffs shall be fair, reasonable and sufficient and, together with any revenue from other sources, shall permit the Authority to operate on a self-sustaining financial basis.

The Authority is exempt from any income taxes.

2. Significant accounting policies

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament. Any portion of the appropriations pertaining to operating expenditures requiring an outlay of funds is reflected in the statement of deficit. Any portion of the appropriations pertaining to the acquisition of capital assets is recorded as contributed capital.

Amortization

Amortization of capital assets is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and equipment	5 to 10 years

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. Contributions with respect to current service are expensed in the current period. Contributions with respect to past service benefits are expensed when paid.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees. The current liability reflects the accrued termination benefits of only those employees who have indicated their intention to terminate their employment within the coming year.

Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in the Statement of Operations in the year in which they are incurred.

Retired employee benefits

The Authority contributes toward medical benefits and life insurance for those retired employees who elect for such coverage. The expense is recorded in the year in which it is incurred.

3. Parliamentary appropriation

In 1992, Parliament approved an appropriation of $850,000 as a partial reimbursement for the 1991 cash operating loss of the Authority. The Authority is seeking a parliamentary appropriation of $1,598,000 in the final Supplementary Estimates for 1992-93 for its cash deficiency arising from 1992 operations. In December 1992, the Treasury Board of Canada approved an allotment of $1,000,000 from the 1992-93 Treasury Board Vote 5, "Government Contingencies", for additional operating costs of the Authority. At December 31, 1992, this amount was recorded as a receivable in accordance with the Authority's accounting policy and it was received in January 1993.

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land and buildings	63,642	62,877	765	932
Furniture and equipment	159,418	127,748	31,670	30,770
	223,060	190,625	32,435	31,702

5. Pension plan

Under provision of the *Pilotage Act*, pilots who became employees of the Authority may elect to count certain service prior to becoming an employee as pensionable under the *Public Service Superannuation Act*. For those pilots who have elected to purchase pension benefits with respect to past service as licensed pilots, the Authority is required to match the employee contribution. The estimated unfunded past service pension contribution with respect to these pilots and other employees under the pension plan was approximately $124,000 as of December 31, 1992 (1991—$135,000) and will be funded over the remaining years of service of the pilots or the terms of purchase, whichever is the lesser.

Pension expense was $442,415 (1991—$446,793) including $19,162 (1991—$22,700) for past service contributions.

6. Commitments

The Authority has a lease agreement for the rental of office space. Future minimum rental payments are:

	$
1993	49,435
1994	4,135
	53,570

GREAT LAKES PILOTAGE AUTHORITY LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

In addition, the Authority has contract commitments of approximately $180,000 for the land transportation for the next year. Tenders have also been requested for some of the pilot boat services for the next two years. Expenditures for these services being tendered were approximately $310,000 in 1992.

7. Related party transactions

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

HALIFAX PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Halifax Port Corporation as at December 31, 1992, and the statements of earnings and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and Regulations, the *Canada Ports Corporation Act*, and the by-laws of the Corporation.

Doane Raymond
Chartered Accountants

Halifax, Canada
January 29, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	143,483	122,502
Investments (Note 3)	6,720,669	7,203,581
Accounts receivable	1,977,209	2,825,004
Grants in lieu of municipal taxes	91,409	
Materials and supplies	61,337	60,414
	8,994,107	10,211,501
Accounts receivable	223,094	266,188
Property and Equipment (Note 4)	56,663,804	58,471,490
	65,881,005	68,949,179

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	1,671,230	1,787,198
Grants in lieu of municipal taxes		276,643
Deferred revenues	571,767	556,289
Current portion of long-term debt		444,629
	2,242,997	3,064,759
Accrued employee benefits	827,828	764,673
Loans from Canada		2,269,877
	3,070,825	6,099,309
EQUITY		
Contributed capital	50,856,865	50,856,865
Surplus	11,953,315	11,993,005
	62,810,180	62,849,870
	65,881,005	68,949,179

Contingent liabilities (Note 5).
See accompanying notes.

On behalf of the Board:

DONALD A. PARKER
Chairman of the Board

DAVID F. BELLEFONTAINE
President and Chief Executive Officer

HALIFAX PORT CORPORATION—*Continued*

STATEMENTS OF EARNINGS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenue from operations	10,818,361	13,337,637
Operating and administrative expenses	7,963,114	9,433,912
Depreciation	2,170,233	2,120,741
Grants in lieu of municipal taxes	991,647	890,994
	11,124,994	12,445,647
Earnings (loss) from operations	(306,633)	891,990
Investment income	404,049	691,862
Interest expense	(67,677)	(311,871)
Gain on disposal of fixed assets	8,927	11,580
	345,299	391,571
Net earnings before extraordinary income	38,666	1,283,561
Extraordinary item		213,716
Net earnings	38,666	1,497,277
Surplus, beginning of year	11,993,005	11,254,968
Net earnings	38,666	1,497,277
Dividend to Canada	(78,356)	(759,240)
Surplus, end of year	11,953,315	11,993,005

See accompanying notes.

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash derived from (applied to)		
Operating		
Net earnings before extraordinary item	38,666	1,283,561
Depreciation	2,170,233	2,120,741
Other	54,228	112,812
	2,263,127	3,517,114
Change in non-cash operating working capital	365,248	95,603
	2,628,375	3,612,717
Financing		
Decrease (increase) in accounts receivable	43,094	(266,188)
Increase (decrease) in accounts payable	13,082	(300,526)
Loans from Canada	(2,714,506)	(404,209)
Dividend to Canada	(78,356)	(759,240)
Contributions to Canada		(1,470,000)
	(2,736,686)	(3,200,163)
Investing		
Extraordinary gain on sale of land		213,716
Additions to property and equipment	(362,547)	(1,934,696)
Proceeds in disposal of assets	8,927	49,605
	(353,620)	(1,671,375)
Net decrease in cash and short-term investments	(461,931)	(1,258,821)
Cash and short-term investments, beginning of year	7,326,083	8,584,904
Cash and short-term investments, end of year	6,864,152	7,326,083

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. LOCAL PORT CORPORATION

In accordance with the *Canada Ports Corporation Act*, sections 6.1 and 6.2, a petition for the establishment of a local port corporation at the Port of Halifax was approved and the Halifax Port Corporation was established effective June 1, 1984.

In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of Halifax to Halifax Port Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments:

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

Fixed assets:

Fixed assets are recorded at cost, except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Grants in lieu of municipal taxes:

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee benefits:

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave, and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

3. INVESTMENTS

	1992		1991	
	Amortized cost	Face value	Amortized cost	Face value
	$	$	$	$
Short-term	6,720,669	6,827,100	7,203,581	7,334,200

HALIFAX PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

4. PROPERTY AND EQUIPMENT

	1992				1991
	Depreciation rates	Cost	Accumulated depreciation	Net book value	Net book value
	%	$	$	$	$
Land		24,547,627		24,547,627	24,547,627
Dredging	2.5-6.7	3,443,290	2,445,560	997,730	1,045,448
Berthing structures	2.5-10	35,120,246	20,248,349	14,871,897	15,456,352
Buildings	2.5-10	18,781,265	12,162,079	6,619,186	6,975,169
Utilities	3.3-10	6,127,827	2,884,444	3,243,383	3,351,381
Roads and surfaces	2.5-10	8,481,260	5,423,109	3,058,151	3,541,156
Machinery and equipment	5-100	9,910,990	6,852,719	3,058,271	3,346,277
Office furniture and equipment	20	1,240,093	1,046,158	193,935	203,893
Projects under construction		73,624		73,624	4,187
		107,726,222	51,062,418	56,663,804	58,471,490

5. CONTINGENT LIABILITIES

The Corporation has been named as one of the defendants in a lawsuit for damages for which the plaintiff has not quantified an amount. In the opinion of management this claim is without merit and therefore no provision has been made in the accounts.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Centre's management in accordance with generally accepted accounting principles consistently applied. Management is responsible for the integrity and objectivity of the information in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The Centre's management recognizes the responsibility of conducting its affairs in compliance with the *International Centre for Ocean Development Act* and regulations, the *Financial Administration Act* and regulations and the by-laws of the Centre.

The Board of Directors oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The financial statements have been reviewed and approved by the Board of Directors.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Centre and for issuing his report thereon.

Edward K. Langtry
President

March 25, 1993

AUDITOR'S REPORT

TO THE MINISTER FOR EXTERNAL RELATIONS

I have audited the balance sheet of the International Centre for Ocean Development as at March 25, 1993 and the statements of operations, surplus (deficit) and changes in financial position for the period April 1, 1992 to March 25, 1993. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 25, 1993 and the results of its operations and the changes in its financial position for the period April 1, 1992 to March 25, 1993 in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Centre that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *International Centre for Ocean Development Act*, and the by-laws of the Centre.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 25, 1993

BALANCE SHEET AS AT MARCH 25, 1993
(with comparative figures as at March 31, 1992)

ASSETS	March 25, 1993	March 31, 1992
	$	$
Current		
Cash	3,041,011	2,389,202
Accounts receivable		
Canadian International Development Agency	86,137	773,987
Other	182,627	222,379
Prepaid expenses	11,217	147,332
	3,320,992	3,532,900

LIABILITIES	March 25, 1993	March 31, 1992
	$	$
Current		
Accounts payable and accrued liabilities	1,249,409	2,371,949
Advances from Canadian International Development Agency	410,885	766,204
Accrued termination benefits (Note 4)	35,922	2,500,000
	1,696,216	5,638,153
EQUITY (DEFICIENCY)		
Surplus (deficit)	1,624,776	(2,105,253)
	3,320,992	3,532,900

Dissolution of the Centre (Note 2).
Commitments (Note 6).

Approved by the Board:

DANIELLE WETHERUP
Director

EDWARD K. LANGTRY
Director

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

STATEMENT OF OPERATIONS
FOR THE PERIOD APRIL 1, 1992 TO MARCH 25, 1993
(with comparative figures for the year ended March 31, 1992)

	March 25, 1993	March 31, 1992
	$	$
Expenses		
International Centre for Ocean Development program activities		
South Pacific/Caribbean Basin Division	2,313,794	2,871,198
West Africa/Indian Ocean Division	1,262,543	1,697,344
Interregional and Cooperative Activities Division	1,356,894	1,601,442
Total International Centre for Ocean Development program activities	4,933,231	6,169,984
Programs managed on behalf of Canadian International Development Agency (Note 7)	3,010,454	2,382,243
Total program activities	7,943,685	8,552,227
Administrative services	3,790,021	5,056,859
Corporate programs	84,244	1,054,828
Total operating expenses	11,817,950	14,663,914
Revenues		
Canadian International Development Agency recoveries (Note 7)	3,010,454	2,382,243
Other income	296,508	343,136
Interest income	99,424	117,105
Total operating revenues	3,406,386	2,842,484
Cost of operations before termintaion benefits	8,411,564	11,821,430
Termination benefits (reduction) (Note 4)	(207,593)	2,500,000
Cost of operations for the period	8,203,971	14,321,430

STATEMENT OF SURPLUS (DEFICIT)
FOR THE PERIOD APRIL 1, 1992 TO MARCH 25, 1993
(with comparative figures for the year ended March 31, 1992)

	March 25, 1993	March 31, 1992
	$	$
Surplus (deficit) at beginning of period	(2,105,253)	186,177
Parliamentary appropriation (Note 5)	11,934,000	12,030,000
	9,828,747	12,216,177
Cost of operations for the period	8,203,971	14,321,430
Surplus (deficit) at end of period	1,624,776	(2,105,253)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD APRIL 1, 1992 TO MARCH 25, 1993
(with comparative figures for the year ended March 31, 1992)

	March 25, 1993	March 31, 1992
	$	$
Financing activities		
Parliamentary appropriation	11,934,000	12,030,000
Operating activities		
Cost of operations for the period	(8,203,971)	(14,321,430)
Charges not affecting cash		
Termination benefits expense (reduction) (Note 4)	(207,593)	2,500,000
	(8,411,564)	(11,821,430)
Termination benefit payments	(2,256,485)	
(Increase) decrease in non-cash working capital items	(614,142)	403,147
	(11,282,191)	(11,418,283)
Increase in cash	651,809	611,717
Cash at beginning of period	2,389,202	1,777,485
Cash at end of period	3,041,011	2,389,202

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 25, 1993

1. Authority and objectives

The International Centre for Ocean Development (the Centre or ICOD) was established by the *International Centre for Ocean Development Act* in 1985 as a Crown corporation without share capital. The Centre is listed in Part I of Schedule III to the *Financial Administration Act* and is exempt from the provisions of the *Income Tax Act*. The Centre is dependent on the Government of Canada for operating appropriations.

The objectives of the Centre are to initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development by:

(a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;

(b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacity of developing countries in integrated ocean use management;

(c) enlisting the expertise of people and institutions in Canada, developing countries and elsewhere;

(d) developing and sponsoring the collection and dissemination of information relating to ocean resource development;

(e) developing and sponsoring training programs, technical assistance and advisory services relating to ocean resource development; and

(f) supporting research relating to ocean resource development.

2. Dissolution of the Centre

In budget papers tabled in the House of Commons on February 25, 1992, the Government of Canada announced that "ICOD will be wound up and any necessary program resources transferred to CIDA" (Canadian International Development Agency).

Chapter 1 of the Statutes of Canada, 1993, an *Act to dissolve or terminate certain corporations and other bodies*, was assented to on February 4, 1993. The sections pertaining to the Centre state, among other things, that:

"The Centre is hereby dissolved.

All rights and property held by or in the name of or in trust for the Centre and all obligations and liabilities of the Centre are deemed to be rights, property, obligations and liabilities of Her Majesty.

Every reference to the Centre in any deed, contract or other document executed by the Centre in its own name shall, unless the context otherwise requires, be read as a reference to Her Majesty.

This Act or any provision thereof shall come into force on a day or days to be fixed by order of the Governor in Council."

Pursuant to this Act, Order-in-Council P.C. 1993-539 fixed March 26, 1993 as the day on which the relevant sections pertaining to the Centre came into force.

3. Significant accounting policies

The financial statements reflect the following policies:

(a) Capital expenditures

Purchases of equipment, office furniture, and costs of leasehold improvements are expensed in the year of acquisition.

(b) Parliamentary appropriation

The parliamentary appropriation is recorded in the Statement of Surplus (Deficit) for the year to which it applies.

(c) Project expenditures

The Centre enters into agreements with third parties to undertake projects. Project expenditures are charged to operations when disbursed and as they become due under the terms of the contractual agreement.

(d) Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required equally from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

(e) Foreign currency translation

Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. Foreign administrative expenses are translated using the weighted average of exchange rates in effect at the date of transfer to the Centre's foreign office. The resulting foreign currency translation gains and losses are included in the results of operations.

(f) Recognition of recoveries

Revenue in respect of projects is recognized at the time the related expenses are incurred. Revenues received in excess of expenses are included in current liabilities.

4. Termination benefits

On May 29, 1992, the President of the Treasury Board approved the Centre's employee termination benefit plan. Management's best estimate of the cost of employee termination benefits was accrued and was charged to operations for the year ended March 31, 1992.

During the period April 1, 1992 to March 25, 1993, the actual employee termination benefit costs became known. These were less than the amount estimated by management as at March 31, 1992. The difference is treated as a reduction applied against the cost of operations for the period April 1, 1992 to March 25 1993.

5. Parliamentary appropriation

Appropriation Act No. 2, 1992-93, provided $13,300,000 for payments to ICOD in accordance with the *International Centre for Ocean Development Act*. The Centre made drawdowns totalling $11,934,000 (1992—$12,030,000), as a result of a $1,366,000 expenditure reduction requested by the Treasury Board of Canada.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 25, 1993—*Concluded*

6. Commitments

As at March 25, 1993, the Centre has approved or has committed by agreement to the following project expenditures, subject to the execution of contractual documents or compliance by recipients with the terms of existing agreements.

Year ending March 31	$
1994	5,641,472
1995	2,573,978
1996	1,565,240
1997	791,804
1998 and beyond	696,553
	11,269,047

7. Related party transactions

The Centre has entered into contribution agreements with the Canadian International Development Agency (CIDA) whereby the Centre manages projects on behalf of CIDA.

The Centre purchased six houses in Belize as part of a project managed on behalf of CIDA. These houses are for the use of staff associated with the project. Costs of $271,250 (1992—$259,000) have been expensed as programs managed on behalf of CIDA.

The Centre entered into contractual arrangements with Consulting and Audit Canada to provide professional and advisory services with respect to the management of ICOD projets and the delivery of financial and administrative services at a cost of $1,603,000 (1992—Nil).

8. Comparative figures

Certain comparative figures have been changed to conform with the presentation adopted in the current year.

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE

AUDITOR'S REPORT

TO THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE
AND THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

I have audited the balance sheet of the International Development Research Centre as at March 31, 1993 and the statements of operations, equity and changes in the financial position for the year then ended. These financial statements are the responsibility of the Centre's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 17, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash and short-term deposits (Note 3)	10,211,143	12,867,402
Accounts receivable	834,464	903,988
Prepaid expenses	1,370,691	1,015,538
	12,416,298	14,786,928
Recoverable deposits	137,002	153,960
Property and equipment (Note 4)	5,274,840	4,097,388
Endowment funds (Note 5)	229,119	214,538
	18,057,259	19,252,814

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable and accrued liabilities (Note 6)	13,031,522	16,535,315
Contract research (Note 7)	747,812	520,651
	13,779,334	17,055,966
Accrued employee separation benefits	2,587,389	2,156,193
Deferred rent—Head Office	1,397,167	1,702,084
Endowment funds (Note 5)	229,119	214,538
	17,993,009	21,128,781
EQUITY		
Equity of Canada	64,250	(1,875,967)
	18,057,259	19,252,814

Approved:

KEITH BEZANSON
President

ANTOINE HAWARA
Treasurer

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Expenses		
Development research activities		
Project grants	67,462,344	70,975,478
Centre projects	6,457,373	6,471,791
Contract research (Note 7)	7,605,158	5,537,197
	81,524,875	82,984,466
Research-related activities		
Technical support	12,041,353	14,725,212
Information dissemination	4,824,323	3,824,605
Development-research library	1,855,433	1,786,650
	18,721,109	20,336,467
Research operational support		
Regional offices	5,960,872	5,857,222
Division management	5,257,577	5,249,775
	11,218,449	11,106,997
Total research and support expenses	111,464,433	114,427,930
General management expenses	13,393,493	13,710,231
Restructuring program expenses (Note 8)	261,095	5,803,722
Costs recovered		
Contract research	(312,574)	(214,796)
Foreign currency transactions (Note 12)	(589,009)	
	124,217,438	133,727,087
Revenue		
Grant from Parliament of Canada	117,074,000	115,800,000
Investment and other income	1,478,497	1,945,098
Contract research (Note 7)	7,605,158	5,537,197
	126,157,655	123,282,295
Excess of revenue over expenses (expenses over revenue)	1,940,217	(10,444,792)

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at the beginning of the year	(1,875,967)	8,568,825
Excess of revenue over expenses (expenses over revenue)	1,940,217	(10,444,792)
Balance at the end of the year	64,250	(1,875,967)

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Cash provided by (used in) operations		
Excess of revenue over expenses (expenses over revenue)	1,940,217	(10,444,792)
Items not affecting cash		
Amortization of property and equipment	1,246,199	1,374,507
Provision for restructuring program	261,095	5,466,731
Provision for employee separation benefits	242,147	(578,501)
Loss on disposal of equipment	14,779	14,019
Amortization of deferred rent	(304,917)	(304,917)
	3,399,520	(4,472,953)
Changes in non cash operating assets and liabilities		
Accounts receivable	69,524	505,182
Prepaid expenses	(355,153)	(133,521)
Recoverable deposits	16,958	22,016
Accounts payable and accrued liabilities	(3,359,296)	842,757
Payment of employee separation benefits	(216,543)	(206,626)
Contract research liability	227,161	(129,530)
	(3,617,349)	900,278
Cash used by operating activities	(217,829)	(3,572,675)
Investing activities		
Additions to property and equipment	(2,525,466)	(492,772)
Proceeds on disposal of equipment	87,036	38,535
Cash used by investing activities	(2,438,430)	(454,237)
Decrease in cash	(2,656,259)	(4,026,912)
Cash and short-term deposits at the beginning of the year	12,867,402	16,894,314
Cash and short-term deposits at the end of the year	10,211,143	12,867,402

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1993

1. Authority and objective

The International Development Research Centre, a Corporation without share capital, was established in 1970 by the Parliament of Canada through the *International Development Research Centre Act*. The annual grant received from the Parliament of Canada is pursuant to External Affairs Vote 60 for the years ended March 31, 1993 and 1992.

The objective of the Centre is to initiate, encourage, support, and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical, and other knowledge to the economic and social advancement of those regions.

On June 12, 1992, the Government of Canada announced that the mandate of the Centre would be broadened so as to deal specifically with the environment and related concerns. The Prime Minister invited the Secretary General, on behalf of the agencies of the United Nations, to propose the 10 non-Canadian board members of the Centre, further internationalizing the Centre and creating a new partnership between Canada and the UN.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, conforming with International Accounting Standards, and reflect the following significant accounting policies.

Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful lives. Leasehold improvements are amortized over the terms of the respective leases. The methods and rates used to provide for the amortization of property and equipment are:

	Method	Rate (%)
Computer equipment	Straight line	20
Leasehold improvements	Straight line	5-50
Office furniture and equipment	Diminishing balance	20
Vehicles	Diminishing balance	30
Telephone system	Straight line	20

Recognition of revenue

Parliamentary grants are recorded as revenue on an accrual basis.

Revenue in respect of contract research is recognized at the time the related project expenses are incurred. Contract research funds received in excess of expenses are included in current liabilities.

Accrued employee separation benefits

Employees are entitled to specified termination benefits, calculated at salary levels in effect at the time of separation as provided for by conditions of employment. The liability for these benefits is recorded as the benefits accrue to employees.

Deferred rent

Any rent-free period or other benefits associated with long-term leases are deferred and amortized over the term of the lease on a straight-line basis.

Pension costs

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from the employees and the Centre. These contributions represent the total liability of the Centre and are recognized in the accounts on a current basis.

The Centre is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Income taxes

The Centre is exempt from any income taxes.

Foreign-currency translation

Foreign-currency transactions are translated into Canadian dollars by the use of an average exchange rate that closely approximates the rate in effect at the transaction date. Monetary assets and liabilities are adjusted to reflect the rate of exchange in effect at year-end. Exchange gains and losses are included in operations for the current year.

3. Cash and short-term deposits

	1993	1992
	$	$
Cash	(305,890)	(458,624)
Short-term deposits		
Canadian banks	7,349,141	10,345,136
Federal and provincial governments	2,072,028	1,491,240
Commercial companies	1,095,864	1,489,650
	10,211,143	12,867,402

4. Property and equipment

	1993			1992
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Computer equipment	6,776,482	3,822,202	2,954,280	2,319,444
Office furniture and equipment	1,904,755	1,216,756	687,999	640,544
Leasehold improvements	1,605,557	637,074	968,483	665,046
Vehicles	1,057,840	538,561	519,279	321,976
Telephone system	968,259	823,460	144,799	150,378
	12,312,893	7,038,053	5,274,840	4,097,388

Amortization for the year ended March 31, 1993, amounted to $1,246,199 (1992, $1,374,507).

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1993—*Concluded*

5. Endowment funds

In 1987, the estate of the late John Bene established a fund to provide a postgraduate fellowship in the field of social forestry. During the same year, a former member of the Board of Governors of the Centre established a fund for applied or mission-oriented research. In 1990, the Centre received a contribution from the V International Conference on AIDS (acquired immune deficiency syndrome), which was used to establish a fund for the purpose of AIDS research in the Third World.

	1993	1992
	$	$
Balance at the beginning of the year	214,538	293,041
Interest income	13,965	23,890
Expenses	616	(102,393)
Balance at the end of the year	229,119	214,538
John Bene	159,555	159,945
Governor	22,043	20,862
AIDS	47,521	33,731
Total endowment funds	229,119	214,538

6. Accounts payable and accrued liabilities

	1993	1992
	$	$
Accrued liabilities—projects	6,529,098	5,694,784
Accrued annual and other leave benefits	1,595,227	1,510,613
Other	3,533,242	2,987,786
Restructuring program	904,146	5,466,731
Employee separation benefits	469,809	875,401
	13,031,522	16,535,315

7. Contract research

Contract research relates to research conducted or managed by the Centre on behalf of other organizations. These are funded by other international agencies, the Canadian International Development Agency (CIDA) and other federal government entities.

Contract research expenses of $7,605,158 (1992, $5,537,197) include $5,388,958 (1992, $3,993,333) expended on behalf of CIDA. In addition, the Centre received $261,241 (1992, $214,796) as an administration fee from CIDA.

Contract research current liabilities of $747,812 (1992, $520,651) include $58,323 (1992, $124,783) related AIDS activities.

8. Restructuring program expenses

During 1991-92, the Board of Governors approved the "IDRC Strategy 1991" which included measures to restructure the Centre's programs and operations at Head Office and the Regional Offices. These measures resulted in a workforce reduction of about 20% to be implemented during 1991-92 and 1992-93.

The restructuring expenses include estimates for payments to employees under the special compensation program and other costs.

	1993	1992
	$	$
Special compensation program	261,095	5,407,362
Employee assistance and professional fees		317,206
Program administration		79,154
	261,095	5,803,722

9. Operating leases

The Centre has entered into various lease arrangements for staff accommodation in various countries and for office premises and equipment in Canada and abroad. The total minimum annual payments under such lease arrangements will be:

Year ending March 31	$
1994	5,865,074
1995	5,451,308
1996	5,028,922
1997	5,075,371
1998	3,153,408
1999-2000	303,338
	24,877,421

10. Contractual commitments—project grants and project development

The Centre is committed to make payments up to $104.4 million during the next 4 years subject to funds being provided by Parliament or external donors and subject to compliance by recipients with the terms of project agreements. The Centre has also submitted formal grant offers to prospective recipients totalling $32.2 million and is awaiting acceptance of these offers.

11. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Centre is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Centre enters into transactions with these entities in the normal course of business.

12. Costs recovered on foreign currency transactions

The Centre has entered into foreign currency transactions, using mechanisms such as Blocked Dividends and Forex Certificates as approved by the host government, to improve the exchange rates received on the transfer of funds for operations in Kenya. The proceeds of the transactions in excess of the official rates are reported as a cost recovery rather than as a reduction of expenditures. This allows for a better comparison to prior years expenses as it is expected that these opportunities will be temporary in nature.

13. Comparative figures

The 1992 figures have been reclassified to conform to the statement presentation adopted in 1993.

LAURENTIAN PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Laurentian Pilotage Authority as at December 31, 1992 and the statements of operations, contributed capital, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations and the by-laws of the Authority.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 12, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Accounts receivable	5,077,580	4,905,298
Receivable from Canada (Note 3)	1,500,000	1,500,000
	6,577,580	6,405,298
Capital (Note 4)		
Land, buildings, pilot boats and other facilities	2,284,142	2,245,833
Less: accumulated amortization	1,793,270	1,735,607
	490,872	510,226
	7,068,452	6,915,524

LIABILITIES	1992	1991
	$	$
Current		
Bank indebtedness	1,066,412	1,350,945
Accounts payable	5,572,947	6,489,191
	6,639,359	7,840,136
Provision for employee termination benefits	772,000	745,000
	7,411,359	8,585,136
Contingencies (Note 5)		
EQUITY DEFICIENCY OF CANADA		
Contributed capital	1,205,697	1,158,701
Deficit	(1,548,604)	(2,828,313)
	(342,907)	(1,669,612)
	7,068,452	6,915,524

Approved by the Authority:

JACQUES MARQUIS
Chairman

MICHAEL BRIGGS MILNER
Member

LAURENTIAN PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenues		
Pilotage charges	27,417,064	28,901,229
Interest and other revenues	90,687	64,312
	27,507,751	28,965,541
Expenses		
Pilots' fees, salaries and benefits	27,231,724	27,786,113
Operating costs of pilot boats	1,919,634	2,910,241
Staff salaries and benefits	1,862,099	1,755,925
Professional services and members' allowances	510,899	650,484
Rentals	216,154	213,092
Communications	166,688	158,464
Financing costs	160,499	185,115
Transportation, travel and hospitality	153,398	148,036
Utilities, material and supplies	90,959	127,591
Maintenance	39,913	37,552
Bad debts	1,837	22,109
Other	90,400	88,831
	32,444,204	34,083,553
Net loss for the year	4,936,453	5,118,012

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Operating activities		
Net loss for the year	(4,936,453)	(5,118,012)
Non-cash items		
Amortization	91,745	79,850
Increase in the provision for employee termination benefits	27,000	59,000
	(4,817,708)	(4,979,162)
Increase in accounts receivable	(172,282)	(707,967)
Increase (decrease) in accounts payable	(916,244)	2,067,966
	(5,906,234)	(3,619,163)
Investing activities		
Additions to capital assets—net	(72,391)	(46,996)
Financing activities		
Parliamentary appropriation	6,263,158	3,631,307
Bank indebtedness		
Decrease (increase) for the year	284,533	(34,852)
Balance at beginning of the year	(1,350,945)	(1,316,093)
Balance at end of the year	(1,066,412)	(1,350,945)

STATEMENT OF CONTRIBUTED CAPITAL FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	1,158,701	1,101,016
Parliamentary appropriation to finance the previous year's acquisition of capital assets (Note 3)	46,996	57,685
Balance at end of the year	1,205,697	1,158,701

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Balance at beginning of the year	2,828,313	2,408,923
Net loss for the year	4,936,453	5,118,012
Parliamentary appropriation to finance the operating deficit (Note 3):		
—previous year	(1,979,162)	(1,698,622)
—current year	(4,237,000)	(3,000,000)
Balance at end of the year	1,548,604	2,828,313

LAURENTIAN PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and activities

The Laurentian Pilotage Authority was established in 1972 under the *Pilotage Act*. Its objectives are to establish, operate, maintain and administer in the interests of safety an efficient pilotage service within certain designated Canadian waters in and around the Province of Quebec. The Act provides that pilotage tariffs shall be fair and reasonable and assure a revenue which, together with any revenue from other sources, is sufficient to permit the Authority to operate on a self-sustaining basis.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*.

2. Significant accounting policies

Capital assets

Capital assets obtained from Canada when the Authority was established were recorded at the then assigned values. Capital assets purchased subsequently by the Authority are recorded at cost.

Capital assets are amortized using the straight-line method, at rates based on the estimated useful lives of the assets.

Contributed capital

The values assigned to the capital assets obtained from Canada when the Authority was established and the net cost of capital assets financed from parliamentary appropriations are recorded as contributed capital.

Parliamentary appropriations

Parliamentary appropriations received to finance the excess of expenditures over revenues are recorded in the year in which they are voted by Parliament, to contributed capital for that portion pertaining to the acquisition of capital assets and to the deficit for that pertaining to operations. In this respect, operating expenditures include only those which require an outlay of funds.

Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Authority contribute equally to the cost of the Plan. This contribution represents the total liability of the Authority. Contributions in respect of current service and of admissible past service are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided for under their collective agreements and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

3. Parliamentary appropriation

In the estimates for 1992-93, Parliament approved an appropriation of $2,737,000 to cover the Authority's cash deficit for the year 1992. On December 10, 1992, the Treasury Board approved a temporary allotment of $1,500,000 from its Vote 5, Government Contingencies, prior to the release in Supplementary Estimates for 1992-93 of an appropriation to cover the balance of the Authority's cash deficit for the year 1992. The Treasury Board approved an appropriation of up to $2,787,000 in the Supplementary Estimates for 1992-93 to that effect.

4. Capital assets

Details of capital assets are as follows:

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Land	9,300		9,300	9,300
Buildings	37,552	29,971	7,581	9,400
Pilot boats	1,416,014	1,237,194	178,820	216,150
Furniture and fixtures	277,284	125,678	151,606	111,308
Communications equipment	151,324	124,639	26,685	32,206
Boarding facilities	223,634	174,367	49,267	55,797
Wharf improvements	169,034	101,421	67,613	76,065
	2,284,142	1,793,270	490,872	510,226

Amortization for the year is $91,745 ($79,850 in 1991).

The estimated useful lives for the major categories of capital assets for the purposes of calculating amortization are as follows:

Buildings	10 years
Pilot boats	10 and 15 years
Furniture and fixtures	10 years
Communications equipment	10 years
Boarding facilities	10 and 20 years
Wharf improvements	20 years

5. Contingencies

In connection with its operations, the Authority is the claimant or defendant or otherwise involved in pending claims and lawsuits. Some of the claims or lawsuits are for the purpose of contesting the validity of certain of the Authority's regulations or the application. Those claims and lawsuits amount to approximately $5,500,000. It is the opinion of management that these actions will not result in any material liabilities to the Authority. No provision has been recorded in the accounts in this regard.

Any payment to be made by the Authority as a result of the above mentioned issues will be charged to operations in the year in which a decision is rendered.

6. Related party transactions

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

MARINE ATLANTIC INC.

MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The preparation and presentation of the consolidated financial statements is the responsibility of Marine Atlantic Inc.'s management. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles consistently applied, using management's best estimates and judgements that are considered appropriate to the Corporation's circumstances. Management also relies on an actuarial report to record the activities of the pension fund.

Management is responsible for the reliability and integrity of the consolidated financial statements including the notes to the statements and other financial information contained in the annual report. In addition, management is also responsible for maintaining books of account, information systems, systems of financial and management control, and a comprehensive internal audit program. These managerial controls and procedures are intended to provide reasonable assurance that accurate financial information is available, that assets are safeguarded and controlled, that resources are managed efficiently, and that transactions are conducted in accordance with relevant legislation and the Corporation's articles of incorporation and by-laws.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board oversees its responsibilities through the Audit Committee. The Committee reviews matters related to accounting, auditing, internal control systems, and the financial statements.

KPMG Peat Marwick Thorne and The Auditor General of Canada, the independent auditors of the Corporation appointed under the *Financial Administration Act*, have audited the Corporation's consolidated financial statements in accordance with generally accepted auditing standards. The independent auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings and the adequacy of the system of internal controls.

The consolidated financial statements and the annual report have been approved by the Board of Directors.

D.J. Weaver
Vice-President, Finance and Administration

Terry W. Ivany
President and Chief Executive Officer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the consolidated balance sheet of Marine Atlantic Inc. as at December 31, 1992 and the consolidated statements of earnings, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act,* we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and of its wholly-owned subsidiaries that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Marine Atlantic Inc. Acquisition Authorization Act* and the articles of incorporation and by-laws of the Corporation and its wholly-owned subsidiaries.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada

Peat Marwick Thorne
Chartered Accountants

Moncton, Canada
February 12, 1993

MARINE ATLANTIC INC.—*Continued*

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

ASSETS	1992	1991
Current assets:		
Cash	3,389	3,887
Accounts receivable	8,150	9,747
Capital assistance receivable, Government of Canada (Notes 3 and 6)		1,613
Accrued revenue, Government of Canada (Note 3)	17,467	17,248
Account receivable, Government of Canada (Note 4)	416	
Work in progress	1,951	1,214
Inventory of fuel and supplies	7,064	6,958
Prepaid expenses	1,673	1,712
	40,110	42,379
Long-term receivables		166
Capital assets and deferred charges (Note 5)	392,315	405,989
	432,425	448,534

LIABILITIES AND SHAREHOLDER'S DEFICIENCY	1992	1991
Current liabilities:		
Accounts payable and accrued liabilities	23,485	20,684
Accrued vacation pay and vessel refit expense	17,467	17,248
Due to Government of Canada (Note 6)	371	5,839
	41,323	43,771
Long-term debt (Note 7)	8,065	8,065
Provision for capital assistance (Note 8)	386,574	399,985
SHAREHOLDER'S DEFICIENCY		
Share capital:		
Authorized: unlimited number common shares, without par value		
Issued and fully paid: 517,061 common shares	258,530	258,530
Deficit	(262,067)	(261,817)
	(3,537)	(3,287)
Commitments and contingencies (Notes 2 (j) and 10)		
Subsequent event (Note 11)		
	432,425	448,534

See accompanying notes to consolidated financial statements.

On behalf of the Board:

ALAN K. SCALES
Director

TERRY W. IVANY
Director

MARINE ATLANTIC INC.—*Continued*

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Commercial revenue	75,398	73,726
Vessel repairs	9,007	6,235
	84,405	79,961
Operating expenses:		
Marine Atlantic Inc.	182,603	181,096
Other services	21,900	16,519
Amortization	26,714	26,560
	231,217	224,175
Loss from operations	146,812	144,214
Government contract revenue—accrued (Note 3)	219	(2,856)
Subsidies and contracted services	9,397	6,279
Reduction in provision for capital assistance (Note 8)	26,451	26,297
Interest and other earnings	722	1,903
Loss before government contract revenue received	110,023	112,591
Government contract revenue received (Note 6)	116,857	120,000
	6,834	7,409
Government contract revenue refunded (Note 6)	7,084	7,811
Net loss	(250)	(402)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF DEFICIT
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Deficit, beginning of year	(261,817)	(261,415)
Net loss	(250)	(402)
Deficit, end of year	(262,067)	(261,817)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1992
(with comparative figures for 1991)
(in thousands of dollars)

	1992	1991
Cash provided by (used in):		
Operations:		
Net loss	(250)	(402)
Amortization, which does not involve cash	263	263
Change in non-cash operating working capital	(677)	(9,803)
	(664)	(9,942)
Financing:		
Capital assistance	13,040	15,753
Investments:		
Expenditures on capital assets and deferred charges	(13,040)	(12,647)
Long-term receivables	166	(64)
	(12,874)	(12,711)
Decrease in cash	(498)	(6,900)
Cash, beginning of year	3,887	10,787
Cash, end of year	3,389	3,887

See accompanying notes to consolidated financial statements.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992
(Stated in thousands of dollars)

1. Nature of operations and authority:

The *Marine Atlantic Inc. Acquisition Authorization Act* was proclaimed in 1986. In accordance with the Act, the Corporation's articles restrict the business that it may carry on to the acquisition, establishment, management and operation of a marine transportation service, a marine maintenance repair and refit service, a marine construction business and any service or business related thereto. Marine Atlantic Inc. is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*.

The Corporation's activities are also governed by agreements negotiated with the Government of Canada. The agreements provide, among other things, for the Corporation to receive contract revenues from the Government of Canada to the extent that the cost of providing ferry, coastal, terminal and water services is not recovered from commercial revenues. In addition, and subject to parliamentary appropriations, amounts are received to finance the acquisition of capital assets on a proven cash needs basis. The allocation of funds received in respect of contract revenue and the acquisition of capital assets are subject to approval by the Minister of Transport. As a result, the Corporation is economically dependent on the Government of Canada for the funds it receives through these arrangements.

2. Significant accounting policies:

(a) Consolidation:

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries Coastal Transport Limited and Newfoundland Dockyard Corporation. All intercompany transactions have been eliminated in these consolidated financial statements. In the previous year, the Corporation had instructions from the Minister of Transport to dispose of Newfoundland Dockyard Corporation. As a result of this decision, Newfoundland Dockyard Corporation was not consolidated and the parent company's investment in its subsidiary was accounted for at the lower of the net realizable value and the carrying value of the investment using the equity method. In 1992, the Minister of Transport instructed the Corporation to retain Newfoundland Dockyard Corporation and as a result the comparative figures have been reclassified to reflect this decision.

(b) Inventory of fuel and supplies:

Inventories are valued at the lower of cost and replacement cost. Cost is determined on a weighted-average basis.

(c) Work in progress:

Ship repair and maintenance activities of the Newfoundland Dockyard Corporation are valued on a percentage of completion basis.

(d) Capital assets:

Capital assets are carried at the cost to acquire them less accumulated amortization. Due to a change in funding arrangements with the Corporation's shareholder in 1986, and as explained further in Note 8, a provision has been made for those capital costs not considered recoverable from future revenue sources.

(e) Amortization:

Amortization is calculated at rates sufficient to write off capital assets over their estimated useful lives generally on a straight line basis. The rates for significant classes of assets are as follows:

Asset	Rate
Vessels	5%
Terminal properties	2.5%
Equipment	4%, 10%, 12.5% and 25%
Leasehold improvements	lesser of 5 years or term of lease

(f) Deferred charges:

Deferred charges are accounted for at cost less accumulated amortization. They are being amortized to income on a straight line basis over periods not exceeding 60 months.

(g) Government contract revenue and government contract revenue—accrued:

(i) Revenues received under contract to provide ferry service to Atlantic Canada are based on operating budgets approved by the Government of Canada for each year and are included in income in the year received to fund operating expenses in excess of commercial revenues. At the end of the fiscal year, government contract revenue is refunded to eliminate any operating surplus.

(ii) Revenue for vacation pay and vessel refits is accrued to the extent that the amounts are reasonably assured of being recovered from future contract revenue.

(h) Capital assistance:

Amounts received or receivable from the Government of Canada, under the Capital Funding Agreement, to finance the acquisition of capital assets are recorded in the Provision for Capital Assistance in the year in which the related capital assets are capitalized, and are amortized to income on the same basis and over the same periods as the related capital assets are amortized.

In management's opinion, the amounts received under the Capital Funding Agreement represent general capital assistance funds, not equity contributions from the Government of Canada as shareholder. Equity contributions, had there been any, would have been reflected as contributed capital in shareholder's deficiency.

MARINE ATLANTIC INC.—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

(i) Foreign currency translation:

Monetary assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the year end. Gains and losses arising on translation are included in net earnings. Other assets and liabilities, revenues and expenses are translated using exchange rates in effect at the date of the transaction.

(j) Employee compensation:

(i) Pension plans:

Substantially all of the Corporation's employees are covered by a defined benefit retirement plan. Pension costs related to benefits earned by employees in the current year are charged to income. The value of the accrued pension benefits for services rendered to December 31, 1992, of $319,334 (1991—$297,658) has been determined by the Corporation's actuaries using best estimate assumptions provided by management. The pension fund assets of $303,268 (1991—$289,281) as at December 31, 1992 have been valued using market related values. On January 28, 1993, the Corporation received tentative approval from the Office of the Superintendent of Financial Institutions to split the pension fund into separate funds for Newfoundland Dockyard Corporation and Marine Atlantic Inc.

The net deficiency for the plan at December 31, 1991, the date of last actuarial evaluation, is being amortized on a straight line basis over the estimated average remaining service lives of the related employee group.

(ii) Personal injury costs:

Certain employees, retired as a result of injury, receive specified benefits. The Corporation recognizes the benefit payouts as an expense in the year paid.

(k) Vessel spare parts:

The Corporation maintains spare parts for vessels in service. The cost of spare parts is charged to operations in the year the purchase is made.

3. Accounts receivable, Government of Canada:

(a) Capital assistance receivable, Government of Canada:

Under contractual terms contained in the Corporation's Capital Funding Agreement, the Corporation receives payments against its approved capital budget in installments calculated in reference to its monthly working capital deficiency or cash requirements. The amount receivable at December 31, 1992 is $6,713 and represents the outstanding balance under the Capital Funding Agreement for assets acquired but not yet funded by the Government of Canada. In accordance with the capital and operating agreements with the Government of Canada, capital assistance receivable has been reduced by the amount of excess operating contract revenue received (see Note 6).

(b) Accrued revenue, Government of Canada:

Revenue for vacation pay and vessel refits in the amount of $17,467 is accrued pursuant to the accounting policy described in Note 2 (g) (ii).

4. Account receivable, Government of Canada:

The Government of Canada has agreed to make contributions to Newfoundland Dockyard Corporation through its parent, Marine Atlantic Inc., to reimburse for cash operating losses, capital expenditures and the pension plan deficiency. Under a previous agreement which expired on March 31, 1992, Newfoundland Dockyard Corporation received $1,229. The existing agreement, which covers the period April 1, 1992 to March 31, 1993, is limited to $12,000 of which $4,928 has been used to December 31, 1992. As at December 31, 1992, an amount of $416, which is included in the $4,928, has been accrued by Marine Atlantic Inc. as a receivable from the Government of Canada.

5. Capital assets and deferred charges:

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
Vessels	443,900	151,602	292,298	304,031
Terminal properties	105,237	32,204	73,033	66,579
Equipment	29,421	15,926	13,495	12,730
Leasehold improvements	1,131	203	928	141
	579,689	199,935	379,754	383,481
Assets under construction	12,391		12,391	22,151
	592,080	199,935	392,145	405,632
Deferred charges	5,680	5,510	170	357
	597,760	205,445	392,315	405,989

6. Government contract revenue:

The operating contract with the Government of Canada permitted the Corporation to expend up to $116,857 for the provision of ferry services in Atlantic Canada. As a result of operating expenditures being less than budget, the Corporation required only $109,773. The excess government contract revenue has been accounted for as follows:

	1992	1991
Excess Government contract revenue	7,084	7,811
Excess contract revenue applied against Capital assistance receivable	6,713	
Due to subsidiary company		1,686
Paid to subsidiary company		286
Due to Government of Canada	371	5,839

MARINE ATLANTIC INC.—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Concluded*

7. Long-term debt:

Province of Newfoundland debenture, with an interest rate of 16.55%, maturing in the year 2008. Under the terms of the Province of Newfoundland debenture, payment of non-cumulative annual interest and principal are required to the extent that annual funds are available from Newfoundland Dockyard Corporation. To date, no payments have been required. At maturity, the unpaid balance of the principal amount of the debenture shall cease to be an obligation of the Corporation.

8. Provision for capital assistance:

In accordance with changes in 1986 in the contractual funding agreements, future amortization on those capital assets and deferred charges acquired prior to January 1, 1987, and which had substantially been financed through the issue of capital stock, were no longer recoverable under contracts with the Government of Canada. Management considers it unlikely that the Corporation will generate sufficient commercial revenue to recover these costs. Accordingly, in 1986 management provided $290,600 as an adjustment to retained earnings. This provision for capital assistance is reduced as the related assets are amortized or upon their disposition. The provision for capital assistance is also charged annually with amounts received or receivable from the Government of Canada to finance the acquisition of capital assets (see Note 2 (h)).

9. Related party transactions:

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

10. Commitments and contingencies:

(a) The total amount required to complete contracted capital assets under construction at December 31, 1992 is estimated to be $3,295 (1991—$75).

(b) The Corporation is in receipt of claims, an estimated $704 of which is in litigation and another $816 of which has not yet reached litigation; however any final determination as to the Corporation's exposure is presently unknown. Other legal actions are also outstanding and it is the opinion of management that the outcome of these actions will not have a material adverse effect on the Corporation's financial position. The financial statements reflect the accrual of management's best estimate of the liability.

(c) The Corporation makes use of property which is available through operating leases. The minimum annual lease payments are as follows: 1993—$2,051; 1994—$1,094; 1995—$1,048; 1996—$941; 1997—$909; and 1998 and future periods—$3,176.

(d) The Corporation charters vessels to complement its existing fleet. The minimum annual vessel charter payments are as follows: 1993—$3,966; 1994—$2,774; 1995—$2,774; and 1996—$866.

(e) The Corporation entered into a joint venture to provide a vessel for various tours in the Southern Hemisphere. The joint venture agreement states that the parties involved will share in the risks and gains of the venture. At December 31, 1992 the Corporation has accrued its best estimate of the venture's anticipated results which is reflected in the financial statements.

11. Subsequent event:

Subsequent to December 31, 1992 one of the Corporation's vessels, on charter, was damaged by fire. As of the date of the audit report, the Corporation's financial exposure, if any, has not been determined.

MONTRÉAL PORT CORPORATION

AUDITOR'S REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Montréal Port Corporation as at December 31, 1992 and the statements of earnings, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Furthermore, in our opinion, the transactions of the Corporation that have come under our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, and with the charter and by-laws of the Corporation.

Samson Bélair/Deloitte & Touche
Chartered Accountants

Montréal, Canada
February 5, 1993

BALANCE SHEET
AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current assets		
Cash	464	310
Investments (Note 4)	17,276	12,702
Accounts receivable	10,710	9,870
Materials and supplies	871	893
	29,321	23,775
Investments in a business held for resale (Note 3)	2,636	3,536
Long-term investments (Note 4)	27,317	27,177
Fixed assets (Note 5)	161,404	162,055
Deferred costs	591	
Other assets	1,617	1,779
	222,886	218,322

LIABILITIES	1992	1991
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	7,682	6,687
Grants in lieu of municipal taxes	2,039	778
	9,721	7,465
Accrued employee benefits	3,862	4,693
Loans from the Government of Canada (Note 7)	4,662	5,181
	18,245	17,339
EQUITY OF THE GOVERNMENT OF CANADA		
Contributed capital	158,919	158,919
Retained earnings	45,722	42,064
	204,641	200,983
	222,886	218,322

Approved by the Board:

ANDRÉ GINGRAS
Chairman of the Board

DOMINIC J. TADDEO
President and Chief Executive Officer

MONTRÉAL PORT CORPORATION—*Continued*

STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenue from operations	53,291	53,601
Operating and administrative expenses	37,616	37,909
Depreciation of fixed assets	10,254	10,648
Grants in lieu of municipal taxes	4,571	3,823
	52,441	52,380
Earnings from operations	850	1,221
Investment revenue	4,131	5,009
Interest expense		(383)
	4,131	4,626
Earnings before the following item	4,981	5,847
Adjustment of grants in lieu of municipal taxes from previous years		2,294
Net earnings	4,981	8,141

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Balance, beginning of year	42,064	36,618
Net earnings	4,981	8,141
Dividends	(1,323)	(2,695)
Balance, end of year	45,722	42,064

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net earnings	4,981	8,141
Items not affecting cash		
Depreciation of fixed assets	10,254	10,648
Amortization of deferred costs	20	
Profit on disposal of fixed assets	(112)	(364)
	15,143	18,425
Changes in non-cash operating working capital items (Note 8)	1,407	(3,286)
	16,550	15,139
Financing activities		
Repayment of current portion of loans from the Government of Canada	(488)	(460)
Decrease in accrued employee benefits	(831)	(598)
Dividends paid	(1,323)	(2,695)
Special contribution to the Government of Canada		(12,325)
	(2,642)	(16,078)
Investing activities		
Decrease in investments in a business held for resale	900	62
Decrease (increase) in long-term investments	(140)	5,750
Acquisition of fixed assets (net in 1991)	(9,624)	(7,012)
Disposal of fixed assets	133	
Decrease (increase) in other assets	162	(1,323)
Increase in deferred costs	(611)	
	(9,180)	(2,523)
Net cash inflow (outflow)	4,728	(3,462)
Cash position, beginning of year	13,012	16,474
Cash position, end of year	17,740	13,012
Represented by:		
Cash	464	310
Short-term investments	17,276	12,702
	17,740	13,012

MONTRÉAL PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. STATUS AND NATURE OF ACTIVITIES

The Montréal Port Corporation (the Corporation) was incorporated by letters patent in accordance with subsection 6.2(1) of the *Canada Ports Corporation Act* on July 1, 1983.

Under Section 6.5 of the same Act, on the establishment of a local port corporation, all rights, obligations and liabilities of the Canada Ports Corporation in relation to that harbour shall become rights, obligations and liabilities of the local port corporation and the administration of all such property and works within the limits of that harbour administered by the Board shall be deemed to have been transferred to the local port corporation, in this case the Corporation.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Investments in a business held for resale:

In 1990, the Corporation, and a subsidiary created for this purpose, acquired a business operating a harbour in Contrecoeur. Since the date of acquisition, the Corporation has intended to resell the assets of this business, other than the land, which are held by the subsidiary.

In accordance with generally accepted accounting principles, the Corporation does not include its investments in the subsidiary in the consolidation. As a result, the investment is presented at the lower cost and estimated net realizable value.

Investments:

Investments are shown at amortized cost, with premiums or discounts amortized over their periods to maturity.

Materials and supplies:

Materials and supplies are valued at the lower of cost and replacement cost. Cost is determined substantially on an average cost basis.

Fixed assets:

Fixed assets are recorded at original cost with related accumulated depreciation transferred from Canada Ports Corporation; subsequent acquisitions are recorded at cost.

Depreciation is calculated according to the straight-line method for the full year, commencing in the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Deferred costs:

The deferred costs are composed of costs incurred to deepen the St. Lawrence River from Montréal to Saint-Augustin. These costs are amortized over 20 years.

Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

Grants in lieu of municipal taxes:

Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee benefits:

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements or in accordance with Corporation policy.

3. INVESTMENTS IN A BUSINESS HELD FOR RESALE

	1992	1991
	(in thousands of dollars)	
Common shares	1	1
Advances, without terms of repayment	2,635	3,535
	2,636	3,536

4. INVESTMENTS

Funds are invested in direct and guaranteed securities of the government of Canada. As at December 31, 1992, the market value of the short-term investments is equivalent to their amortized cost, and the market value of long-term investments is $32,616,808 ($32,645,919 in 1991).

MONTRÉAL PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

5. FIXED ASSETS

	Depreciation rates	Cost	Accumulated depreciation	1992 Net book value	1991 Net book value
	%	(in thousands of dollars)			
Land		42,245		42,245	38,585
Dredging	2.5-10.0	16,178	13,505	2,673	2,957
Berthing structures	2.5-10.0	60,573	43,215	17,358	18,028
Buildings	2.5-10.0	69,873	35,749	34,124	35,970
Utilities	3.3-10.0	19,567	9,851	9,716	10,150
Roads and surface	2.5-10.0	66,616	25,762	40,854	40,403
Machinery and equipment	5.0-33.3	59,274	46,580	12,694	14,545
Office furniture and equipment	20.0-33.3	5,034	3,504	1,530	1,412
		339,360	178,166	161,194	162,050
Projects under construction		210		210	5
		339,570	178,166	161,404	162,055

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1992	1991
	(in thousands of dollars)	
Current portion of loans from the Government of Canada	519	488
Deferred revenue	152	523
Other	7,011	5,676
	7,682	6,687

7. LOANS FROM THE GOVERNMENT OF CANADA

	1992	1991
	(in thousands of dollars)	
Loans, 6.25%, payable to 2000 in annual instalments of $842,561 including interest	5,181	5,669
Current portion	519	488
	4,662	5,181

Principal repayment requirements over the next five years amount to:

	(in thousands of dollars)
1993	518,765
1994	551,187
1995	585,636
1996	622,238
1997	661,128

8. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	1992	1991
	(in thousands of dollars)	
Accounts receivable	(840)	1,614
Materials and supplies	22	36
Accounts payable and accrued liabilities	964	(2,744)
Grants in lieu of municipal taxes	1,261	(2,192)
	1,407	(3,286)

9. CONTINGENCIES

Claims aggregating approximately $2,500,000 in respect of lawsuits, guarantees and damages allegedly suffered on the Corporation property and sundry legal matters in dispute have been made against the Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material loss.

10. COMMITMENTS

(a) Contractual obligations for the completion, construction and purchase of property, plant and equipment are estimated at $1,830,000.

(b) In accordance with a policy concerning payment of dividends to the Canadian government, the Corporation would be required to pay a dividend, in respect of the 1991 and 1992 fiscal years, based on a method of calculation using net earnings. This dividend, payable before March 31, 1993 would amount to $688,142 for 1991 and to approximately $1,100,000 for 1992 and would be applied against retained earnings.

(c) The Canadian government has required the Corporation an additional contribution of $5,000,000 payable before March 31, 1993.

11. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Corporation enters into transactions with related parties, including the business held for resale, Canada and its agencies and other Crown corporations.

The Corporation derives revenue from related parties principally from grain warehousing, switching charges and rental revenue and management fees. The expenses paid to related parties are principally administration fees.

NATIONAL ARTS CENTRE CORPORATION

AUDITOR'S REPORT

TO THE CHAIRMAN OF THE BOARD OF TRUSTEES
NATIONAL ARTS CENTRE CORPORATION

I have audited the balance sheet of the National Arts Centre Corporation as at August 31, 1992 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 30, 1992

BALANCE SHEET AS AT AUGUST 31, 1992

ASSETS	1992	1991
		(restated) (Note 3)
	$	$
Current		
Cash and short-term investments	2,087,990	3,315,594
Accounts receivable	1,345,735	1,482,627
Inventories	604,210	653,305
Programmes in progress	795,723	1,295,143
Prepaid expenses	305,056	140,744
	5,138,714	6,887,413
Capital assets (Note 4)	11,400,958	10,635,297
	16,539,672	17,522,710

LIABILITIES	1992	1991
		(restated) (Note 3)
	$	$
Current		
Accounts payable and accrued liabilities	3,437,170	3,085,876
Deferred revenue	2,608,177	2,926,826
Deferred parliamentary appropriation (Note 5)	225,833	2,320,000
	6,271,180	8,332,702
Provision for employee termination benefits	1,096,176	774,317
	7,367,356	9,107,019
EQUITY OF CANADA		
Equity (Note 6)	8,024,023	8,286,362
Reserve for 25th anniversary (Note 7)	1,000,000	
National Arts Centre Foundation (Note 8)	148,293	129,329
	9,172,316	8,415,691
	16,539,672	17,522,710

Approved by Management:

YVON DESROCHERS
Director General

RICHARD LUSSIER
Director of Finance and Administration

Approved by the Board of Trustees:

ROBERT LANDRY
Chairman

MADELEINE PANACCIO
Vice-Chairman

NATIONAL ARTS CENTRE CORPORATION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 1992

	1992	1991
		(restated) (Note 3)
	$	$
Revenue		
Performing arts programmes (Schedule 1)	9,727,804	8,753,827
Commercial services (Schedule 2)	8,328,382	7,198,695
Programme support services	286,229	357,206
Interest on short-term investments	235,980	201,771
National Arts Centre Foundation— Net revenue (Note 8)	18,964	129,329
Other	58,886	25,701
	18,656,245	16,666,529
Expenses (Schedule 3)		
Performing arts programmes (Schedule 1)	17,087,981	16,031,323
Commercial services (Schedule 2)	6,600,431	5,524,296
Operation of the buildings	7,990,609	7,069,836
Programme support services	4,646,576	4,802,101
Administrative services	3,271,236	3,162,015
Board of trustees	48,954	55,878
	39,645,787	36,645,449
Excess of expenses over revenue	20,989,542	19,978,920

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED AUGUST 31, 1992

	1992	1991
		(restated) (Note 3)
	$	$
Equity (Note 6)		
Balance at the beginning of year	507,931	(116,550)
Prior year adjustment (Note 3)	7,778,431	7,515,078
Restated balance	8,286,362	7,398,528
Parliamentary appropriation (Note 5)	21,746,167	20,996,083
Excess of expenses over revenue	(20,989,542)	(19,978,920)
Transfer to reserve for 25th anniversary	(1,000,000)	
Transfer of net revenue of National Arts Centre Foundation	(18,964)	(129,329)
Balance at end of year	8,024,023	8,286,362
Reserve for 25th anniversary (Note 7)		
Balance at end of year	1,000,000	
National Art Centre Foundation (Note 8)		
Balance at beginning of year	129,329	
Net revenue	18,964	129,329
Balance at end of year	148,293	129,329

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1992

	1992	1991
		(restated) (Note 3)
	$	$
Operating		
Excess of expenses over revenue	(20,989,542)	(19,978,920)
Items not affecting funds		
Amortization	2,388,105	2,274,503
Provision for employee termination benefits	321,859	107,903
(Gain) loss on disposal of capital assets	(32,198)	5,752
	(18,311,776)	(17,590,762)
Increase (decrease) in non-cash operating working capital	553,740	(541,818)
	(17,758,036)	(18,132,580)
Financing		
Parliamentary appropriation received	19,652,000	24,179,000
	1,893,964	6,046,420
Investing		
Additions to capital assets	(3,121,568)	(2,396,066)
(Decrease) increase in cash and short-term investments	(1,227,604)	3,650,354
Cash and short-term investments (bank indebtedness) at beginning of year	3,315,594	(334,760)
Cash and short-term investments at end of year	2,087,990	3,315,594

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1992

1. Objectives and operations

The objectives of the National Arts Centre Corporation (the "Corporation") are to operate and maintain the National Arts Centre, to develop the performing arts in the National Capital Region, and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

In furtherance of its objectives, the Corporation may arrange for and sponsor performing arts activities at the Centre; encourage and assist in the development of performing arts companies resident at the Centre; arrange for or sponsor radio and television broadcasts and the showing of films in the Centre; provide accommodation at the Centre, on such terms and conditions as the Corporation may fix, for national and local organizations whose objects include the development and encouragement of the performing arts in Canada; and, at the request of the Government of Canada or the Canada Council, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

With a view to achieving the objectives, the Government of Canada has leased without charge the National Arts Centre building complex to the Corporation for a period expiring May 31, 1993. The Corporation is responsible for the operation and maintenance of the building.

2. Significant accounting policies

(a) Short-term investments

Short-term investments are carried at cost which approximates market value.

(b) Grants

Grants are recorded as revenue in the year in which the grantors make firm commitments to the Corporation.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value for supplies or replacement cost for production materials, food and beverages.

(d) Programmes in progress

Direct costs, including advances to performing companies and artists, incurred prior to the end of the year for programmes in progress are deferred and charged to expenses in the year in which the programmes terminate. Indirect costs and common services not attributable to particular performances are charged to expenses in the year in which they are incurred.

(e) Capital assets

Capital assets other than the National Arts Centre complex, are recorded at cost. Amortization is calculated on the straight-line method as follows:

Building—l'Atelier	20 years
Equipment	5 and 7 years
Leasehold improvements	10 years

No amortization is taken on the building complex.

(f) Deferred revenue

Revenue from tickets sold prior to the end of the year for programmes in progress and revenue for hall rentals are deferred and credited to revenue in the year in which the programmes terminate. Revenue from gift certificates and exchange vouchers is deferred until the certificates and vouchers are redeemed. Gift certificates and exchange vouchers not redeemed within three years of the year of their issuance and a percentage of those less than three years old are credited to revenue.

(g) Operating expenses

Expenses relating to performing arts programmes and commercial services do not include costs relating to building and equipment maintenance, utilities and administrative services.

(h) Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan, administered by the Government of Canada. Contributions to the plan are required by both the employees and the Corporation on an equal basis. The Corporation's contributions represent the Corporation's total obligation and are recorded as they become due.

The Corporation is not required under present legislation to make contributions with respect to employees for actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

(i) Employee termination benefits

Employees of the Corporation are entitled to specified benefits on termination as provided for under their respective contracts and conditions of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(j) Parliamentary appropriation

The Corporation credits to equity each month one-twelfth of the approved appropriation. The parliamentary appropriation for operations and major capital projects, received during the period April 1 to August 31, is in respect of the Government of Canada's fiscal year ending on March 31 of the following year. Accordingly, the portion of the amount received to August 31, which is in excess of 5/12ths of the appropriation, is deferred to the following year. Similarly, the portion of the amount received to August 31, which is less than 5/12ths of the appropriation, is recorded as a receivable.

3. Changes in accounting policy

(1) Accounting for major capital projects

During the year, the Corporation applied retroactively a change in its method of accounting for major capital projects related to the National Arts Centre building complex and its financing.

Expenditures for these major capital projects and the related portion of the parliamentary appropriation were previously only presented in a note to the financial statements. This portion of the parliamentary appropriation is now credited to the Equity of Canada. The related expenditures are either capitalized as leasehold improvements or are expensed as repairs and maintenance in the year they are incurred.

NATIONAL ARTS CENTRE CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1992—*Continued*

The impacts of this change in accounting policy on the financial statements are as follows:

(a) Impact on balance sheet:

(i) Capital assets

	1992	1991
	$	$
Increase in capital assets at cost	16,964,141	14,559,819
Increase in accumulated amortization	(8,614,613)	(7,061,578)
Increase in net book value	8,349,528	7,498,241

(ii) Equity of Canada

	1992	1991
Net book value of capital assets previously not capitalized	7,498,241	7,034,612
Decrease in the deferred capital portion of the parliamentary appropriation due to the change in accounting policy	280,190	480,466
Prior year adjustment—increase in equity	7,778,431	7,515,078

(b) Impact on the statement of operations:

The excess of expenses over revenue for the years ended August 31, 1992 and 1991 have increased by $1,849, 240 and $1,736,647 respectively.

(2) National Arts Centre Foundation

The accumulated fund of the Foundation now forms part of the Equity of Canada. In 1991, this fund was recorded as a liability of the Corporation.

As a result of this change in accounting policy, the Corporation's revenues have increased by $18,964 and $129,329 respectively for the years ended August 31, 1992 and 1991. The excess of expenses over revenue for these two years have decreased by these same amounts.

4. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	90,000		90,000	90,000
Building—l'Atelier	298,069	163,299	134,770	149,673
Equipment	5,046,714	3,368,794	1,677,920	1,494,068
Leasehold improvements	20,606,671	11,113,125	9,493,546	8,894,679
Uncompleted capital projects	4,722		4,722	6,877
	26,046,176	14,645,218	11,400,958	10,635,297

5. Parliamentary appropriation

	1992	1991
	$	$
Deferred (receivable) from the previous year	2,320,000	(382,451)
Prior year adjustment		(480,466)
Credited to equity	(21,746,167)	(20,996,083)
Received during the year	19,652,000	24,179,000
Deferred to the following year	225,833	2,320,000

A portion of the Parliamentary appropriation is for the financing of major improvements and repairs to the NAC building complex. The relevant amounts are based on the operational plan approved by Treasury Board. The unused balance is as follows:

	1992	1991
	$	$
Balance at beginning of year	1,446,858	147,133
Received during the year	2,040,000	3,500,000
Interest earned during the year	86,173	111,563
Major capital projects		
—leasehold improvements	(2,404,323)	(1,919,610)
—repairs	(382,378)	(392,228)
Balance at end of year	786,330	1,446,858

6. Equity

The equity represents mainly the parliamentary appropriation received for the financing of capital assets and to a lesser extent the balance of appropriation for the funding of operations. The equity comprises the following:

	1992	1991
	$	$
Improvements to the National Arts Centre building complex net of amortization	7,945,858	7,778,431
Remaining balance	78,165	507,931
Balance at end of year	8,024,023	8,286,362

7. Reserve for 25th anniversary

The Board of Trustees approved the designation of the reserve of one million dollars out of the equity at August 31, 1992, for the purpose of celebrating the National Arts Centre's 25th anniversary in 1993-94. These funds will be used only for celebrations at the NAC but mainly for the betterment of the performing arts across Canada in the spirit of reaching out to all Canadians.

8. National Arts Centre Foundation

In 1992, the Board of Trustees established the National Arts Centre Foundation for the purpose of recognizing, stimulating and promoting excellence in the creation and performance of the arts of the stage by the award of bursaries and prizes to worthy recipients and by grants for worthy projects.

NATIONAL ARTS CENTRE CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1992—*Concluded*

A summary of the transactions related to the National Arts Centre Foundation is provided below:

	1992	1991
	$	$
Balance at the beginning of year	129,329	
Donations	24,956	288,942
Investment income	6,684	
Expenses	(12,676)	(159,613)
Net revenue	18,964	129,329
Balance at end of year	148,293	129,329

9. Related party transactions

In addition to transactions with the Parliament of Canada, outlined in Note 5, the Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is partly financed by the Parliament of Canada.

During the year, transactions with these related entities were in the normal course of business on normal trade terms applicable to all individuals and enterprises.

10. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. In management's opinion, the outcome of these actions is not likely to result in any material liabilities.

11. Comparative figures

Certain of the 1991 figures have been reclassified to conform to the 1992 presentation.

SCHEDULE OF REVENUE AND EXPENSES—PERFORMING ARTS PROGRAMMES
FOR THE YEAR ENDED AUGUST 31, 1992 SCHEDULE 1

	1992	1991
	$	$
Revenue		
Music	1,918,868	3,017,211
Theatre	1,497,824	2,178,079
Dance	1,487,942	1,342,314
Rental of Halls	3,968,980	1,610,660
Special Events	335,417	32,357
Electronic Distribution	30,904	3,386
Variety	487,869	569,820
	9,727,804	8,753,827
Expenses		
Music	6,420,368	6,633,594
Theatre	4,346,992	5,039,688
Dance	2,471,065	2,270,999
Rental of Halls	1,975,033	1,010,553
Special Events	717,059	149,321
Electronic distribution	583,250	306,849
Variety	574,214	620,319
	17,087,981	16,031,323
Excess of expenses over revenue	7,360,177	7,277,496

SCHEDULE OF REVENUE AND EXPENSES—COMMERCIAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 1992 SCHEDULE 2

	1992	1991
	$	$
Revenue		
Restaurants	6,323,968	5,164,830
Garage	2,004,414	2,033,865
	8,328,382	7,198,695
Expenses		
Restaurants	6,070,988	4,901,067
Garage	529,443	623,229
	6,600,431	5,524,296
Excess of revenue over expenses	1,727,951	1,674,399

SCHEDULE OF EXPENSES BY CATEGORY
FOR THE YEAR ENDED AUGUST 31, 1992 SCHEDULE 3

	1992	1991
		(restated)
	$	$
Salaries, wages and employee benefits	16,345,875	14,880,090
Performers' fees and expenses	8,389,373	8,915,367
Amortization	2,388,105	2,274,503
Cost of sales—commercial services	2,218,569	1,792,398
Repairs and maintenance	2,095,582	1,654,289
Advertising and promotion	2,047,777	1,973,242
Utilities	1,340,599	1,299,193
Co-production expenses	1,124,945	164,847
Professional fees and expenses	636,808	741,067
Production expenses	623,254	798,751
Office expenses	606,780	595,048
Commissions and service charges	425,831	287,538
Supplies and expenses—commercial services	303,827	236,476
Travel and duty entertainment	278,366	358,161
Furniture and equipment	178,897	137,356
Telecommunications	131,001	120,236
Insurance	118,856	126,267
Warehouse rent	97,535	144,163
Other	293,807	146,457
	39,645,787	36,645,449

NATIONAL CAPITAL COMMISSION

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Capital Commission are the responsibility of management and have been approved by the members of the Commission. The financial statements have been prepared by management in accordance with generally accepted accounting principles.

Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that the assets are safeguarded and controlled and that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, as well as the *National Capital Act* and by-laws of the Commission. Internal audits are conducted to assess these systems and practices.

The members of the Commission carry out their responsibilities for the financial statements principally through an Audit Committee that consists of members of the Commission only. The Audit Committee meets periodically with management as well as with the internal and external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls and to review and discuss financial reporting matters. The external and internal auditors have full access to the Audit Committee, with and without management being present.

The Commission's external auditor, the Auditor General of Canada, has audited the financial statements. He submits his report to the Minister of Public Works, who is responsible for the National Capital Commission.

Marcel Beaudry
Chairman

Robin Young
Vice-President, Finance and Administration

June 15, 1993

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the National Capital Commission as at March 31, 1993 and the statements of operations, equity and changes in cash resources for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1993 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *National Capital Act* and the by-laws of the Commission.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 4, 1993

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash and short-term deposits (Note 3)	16,073	14,915
Accounts receivable		
Due from Canada		5,627
Federal government departments and agencies	3,882	3,916
Tenants and others	2,630	2,718
Operating supplies, small tools and nursery stock	832	715
Prepaid expenses	2,884	3,198
	26,301	31,089
Land, buildings and equipment (Note 4)	336,219	334,805
	362,520	365,894

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities	24,739	21,042
Holdbacks and deposits from contractors and others	819	1,935
	25,558	22,977
Long-term		
Accrued employee termination benefits	6,135	5,910
Unsettled expropriations of property	676	658
	6,811	6,568
EQUITY OF CANADA		
Equity of Canada	330,151	336,349
	362,520	365,894

Major commitments and contingencies (Notes 6 and 7).

Approved by the Commission

MARCEL BEAUDRY
Chairman

IAN NUTE
Commissioner

NATIONAL CAPITAL COMMISSION—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Income		
Rental operations and easements	12,388	12,665
Interest	1,370	1,741
Net gain on disposal of land, buildings and equipment	4,924	21,015
Sponsorship (excluding goods and services in kind)	815	632
User access fees	660	783
Other fees and recoveries	3,840	4,199
Parliamentary appropriations	83,242	79,138
	107,239	120,173
Cost of Operations (Note 5)		
Planning the National Capital Region	4,132	3,857
Promoting and Animating the Capital Region	19,139	14,497
Real Asset Management and Development	69,365	67,948
Corporate Services	27,296	25,684
	119,932	111,986
Net Income (Net Cost of Operations)[1]	(12,693)	8,187

[1] ANALYSIS OF FUNDING THE COST OF OPERATIONS

Net income (net cost of operations)	(12,693)	8,187
Amortization (an expense not requiring funding)	13,617	12,746
Net gain on disposal of land, buildings equipment	(4,924)	(21,015)
Transfer from disposal of land (Note 3 (b)(iii))	1,358	
—Disposal expenses	453	1,068
—Interest revenue	(203)	(362)
Prior year carry-over (commitments)	624	
Funding greater (less) than cost of operations	(1,768)	624

STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance at Beginning of Year	336,349	317,373
Net income (net cost of operations)	(12,693)	8,187
Parliamentary appropriations to acquire and improve land, buildings and equipment	6,495	10,789
Balance at End of Year	330,151	336,349

STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating Activities		
Net income (net cost of operations)	(12,693)	8,187
Items not involving cash		
Amortization	13,617	12,746
Net gain on disposal of land, buildings and equipment	(4,924)	(21,015)
Net change in non-cash working capital balances related to operations	8,527	(10,793)
Net change in long-term liabilities	243	(438)
	4,770	(11,313)
Investing Activities		
Acquisition and improvements to land, buildings and equipment	(16,595)	(23,120)
Financing Activities		
Parliamentary appropriations to acquire and improve land, buildings and equipment	6,495	10,789
Proceeds on disposal of land, buildings and equipment	6,488	27,474
	12,983	38,263
Increase in cash and short-term deposits	1,158	3,830
Beginning of year	14,915	11,085
End of year	16,073	14,915

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. AUTHORITY AND OBJECTIVES

The National Capital Commission was established in 1958 by the *National Capital Act*. The Commission is an agent Crown corporation without share capital named in Part I of Schedule III to the *Financial Administration Act*. The objects and purposes of the Commission are stated in the *National Capital Act* as amended in 1988. They are to:

(a) prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and

(b) organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of official languages of Canada and the heritage of the people of Canada.

The powers of the Commission as they were extended in 1988 also enable the Commission to "coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region."

The Commission is also responsible for the management and maintenance of the Official Residences located in the National Capital Region.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Land, Buildings and Equipment

Land, buildings and equipment are generally recorded at historical cost. Property acquired at nominal cost or by donation is recorded at market value at time of acquisition except for properties of historical significance whose market value cannot be reasonably determined. These are recorded at nominal value. Artifacts donated to the Canadiana Fund are recorded at nominal value. Property acquired by exchange is recorded at the carrying value of the assets disposed of in the transaction. Improvements that extend the useful life of buildings and equipment are recorded at cost.

(b) Amortization

Amortization of assets in use is charged to operations in equal annual amounts based on the cost of the assets, their estimated useful life and their final salvage value. Useful life of assets is estimated as follows:

Buildings	20 years
Parkways, roadways and bridges	25 years
Park landscaping and improvement	25 years
Machinery and equipment	10 years
Office furniture and equipment	5 years
Vehicles	5 years
Antiques and works of art	10 years
Computer and communications equipment	5 years

(c) Operating Supplies, Small Tools and Nursery Stock

Operating supplies and small tools are carried at cost. Nursery stock is valued at estimated cost.

(d) Pension Plan

Commission employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis.

The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

(e) Employee Termination Benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Parliamentary Appropriations

Parliamentary appropriations for operating expenditures, grants and contributions to other levels of government and other authorities are included as income. Parliamentary appropriations to acquire and improve land, buildings and equipment are credited to equity of Canada.

(g) Workers' Compensation

The Commission assumes all risks for workers' compensation claims. The costs of claims resulting from injuries on duty are recorded in the years when compensation payments are due.

(h) Sponsorship

The Commission enhances programming through financial, promotional and in-kind contributions from sponsors. Except for cash, no value is included in the financial statements for goods and services contributed by sponsors.

3. CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits at year-end amounted to $16.1 million. Included in this cash balance are:

(a) Cash donations received for the Canadiana Fund in the amount of $46.5 thousand;

(b) Funds, that are restricted, in the amount of $3,523 thousand, as follows:

(b)(i) Funds relating to a 1990 long-term lease transaction that, pursuant to Governor in Council authority, have been restricted for the acquisition of environmentally sensitive lands;

(b)(ii) Funds generated by the disposal of surplus properties that may be used to acquire real property or to support other major programs, as may be authorized by Treasury Board and Governor in Council.

NATIONAL CAPITAL COMMISSION—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(b)(iii)Details of transactions are highlighted in the following analysis.

	Environmentally sensitive lands	Others	Total
	(in thousands of dollars)		
Cash available at beginning of year	2,420	6,422	8,842
Proceeds on disposal		6,419	6,419
Disposal expenses		(453)	(453)
Interest	74	129	203
Acquisitions	(765)	(1,921)	(2,686)
Transfer to capital budget		(7,444)	(7,444)
Transfer to operating budget		(1,358)	(1,358)
Cash available at end of year	1,729	1,794	3,523

4. LAND, BUILDINGS AND EQUIPMENT

	1993			1992
	Historical cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Land and Buildings				
Greenbelt	66,927	18,719	48,208	47,761
Gatineau Park	34,806	6,898	27,908	26,810
Parkways	99,281	42,108	57,173	56,212
Parks	30,274	14,480	15,794	15,870
Bridges and approaches	29,142	17,209	11,933	12,266
Historical sites	31,630	14,897	16,733	16,943
Recreational facilities	22,215	10,976	11,239	11,795
Rental properties	122,623	11,588	111,035	109,900
Development properties	24,607	2,873	21,734	22,026
Unsettled expropriations	676		676	1,055
Administrative and service buildings	15,971	9,316	6,655	6,580
	478,152	149,064	329,088	327,218
Less: provision for transfers[1]	1,838		1,838	1,838
Less: provision for environmental clean-up[2]	650		650	800
	475,664	149,064	326,600	324,580
Equipment				
Machinery and equipment	5,478	2,618	2,860	2,870
Office furniture and equipment	3,225	2,585	640	630
Vehicles	4,749	2,925	1,824	2,249
Computer and communications equipment	10,762	6,807	3,955	4,026
Antiques and works of art	1,499	1,159	340	450
	25,713	16,094	9,619	10,225
	501,377	165,158	336,219	334,805

[1] Provision for transfers pertains to property to be transferred in accordance with agreements with the Province of Quebec. This includes lands to be given free of charge for the approaches to the MacDonald-Cartier Bridge and the transfer for $1 of lands to be used as a right-of-way for Highway 550.

[2] Provision for environmental cleanup at Camp Fortune, a prior year property acquisition.

5. COST OF OPERATIONS

(a) Summary of Expenses by Major Classification

	1993	1992
	(in thousands of dollars)	
Salaries and employee benefits	53,184	50,092
Goods and services	33,926	31,441
Grants in lieu of municipal taxes	12,988	13,028
Contributions	6,217	4,679
Amortization	13,617	12,746
	119,932	111,986

(b) Sector Definitions and Objectives

The Commission uses four sectors to structure its activities. Short-, medium- and long-term objectives linked to the mandate and mission have been developed for each. The following are the long-term objectives established for each sector:

PLANNING THE NATIONAL CAPITAL REGION

To plan for and control the use of federal lands in the National Capital Region (NCR), which includes coordinating and ensuring high quality design and development.

PROMOTING AND ANIMATING THE CAPITAL REGION

To increase awareness of the Capital outside the NCR through national marketing plans and activities which increase understanding about the Capital and its symbolic role, and to provide opportunities to bring Canadians together in the Capital and increase their understanding, via coordination of the visitor experience, celebrations and special events, and programs that present the past, present and future of the country.

REAL ASSET MANAGEMENT AND DEVELOPMENT

To safeguard and preserve the Capital and its assets for future generations via the development and efficient, effective management of assets in accordance with their importance to the Capital and the NCC mandate.

CORPORATE SERVICES

To provide management with required services and advice, ensure NCC assets are safeguarded, and ensure measures are in place that promote the most efficient, productive use of resources.

6. MAJOR COMMITMENTS

(a) The Commission is committed to contribute to the Province of Quebec, one-half of the cost of a road network within the Quebec portion of the National Capital Region. The Commission's remaining commitment to be paid over future years is estimated at $100 million but is payable only when funding is approved by the Treasury Board of Canada. As of March 31, 1993, expenditures total $162.9 million and payments have totalled $154.2 million.

NATIONAL CAPITAL COMMISSION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

(b) The Commission has entered into agreements for computing services, leases of equipment and operating leases for office accommodations. The agreements, showing different termination dates with the latest ending in 2019, total $124.1 million. Minimum annual payments under these agreements for the next five years are approximately as follows:

	(in thousands of dollars)
1993-94	3,995
1994-95	3,180
1995-96	3,700
1996-97	3,700
1997-98	3,700
	18,275

(c) The Province of Quebec has expropriated certain lands in the Ville de Hull on behalf of the Commission. An amount of $1.25 million will be payable in exchange for appropriate title documents.

(d) The Commission has entered into contracts for capital expenditures estimated to cost approximately $1.7 million. Payments under these contracts are expected to be made in 1993-94.

7. CONTINGENCIES

(a) Claims

Claims have been made against the Commission totalling approximately $40.2 million for alleged damages and other matters. The final outcome of these claims is not determinable and accordingly these items are not recorded in the accounts. In the opinion of management, the position of the Commission is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

(b) Agreement with the Province of Ontario

In 1961, the Commission entered into an agreement whereby the Province of Ontario established and maintains 2,761 hectares (6,820 acres) of forest. When the agreement expires in 2011, or is terminated, the Commission will reimburse the Province for the excess of expenses over revenues, or the Province will pay the Commission the excess of revenues over expenses. At March 31, 1993, cumulative expenses exceeded cumulative revenues by $1.2 million, and are not reflected in the accounts of the Commission.

(c) Environmental Protection

The Commission has conducted a preliminary analysis that has identified certain properties that qualify for potential decontamination. The extent of the contamination, cost of clean-up and funding requirements cannot be reasonably assessed until further on-site testing is completed.

8. RELATED PARTY TRANSACTIONS

The Commission is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations and is mainly financed by the Parliament of Canada. In addition to the related party transactions described below and those disclosed elsewhere in these financial statements, the Commission also enters into transactions with Crown entities in the normal course of business.

(i) CANADA MUSEUMS CONSTRUCTION CORPORATION INC.

The Commission permitted the Canada Museums Construction Corporation Inc. to construct the Canadian Museum of Civilization on Commission lands. The Commission is in the process of transferring the lands in question to Public Works Canada in exchange for other properties of equal value.

(ii) CANADIAN MUSEUM OF CONTEMPORARY PHOTOGRAPHY

The Commission and the National Gallery of Canada shared the costs for the construction of the Canadian Museum of Contemporary Photography on Commission lands. Total construction costs are $17.5 million, of which $4.3 million represent the share recovered from the National Gallery. The Commission has leased the completed building to the National Gallery of Canada for a term of 49 years.

(iii) COMMEMORATIVE MONUMENT

The Commission, on behalf of the Department of National Defence, constructed the peacekeeping monument in 1992-93. The total cost of the project was $2.9 million, of which $0.5 million represents the Commission's share that has been recorded as a capital asset.

(iv) PUBLIC WORKS CANADA

Public Works Canada acts as an agent for the Commission with respect to expropriation of properties. Fees charged are based on standard rates set by Public Works Canada. The Commission has also entered into an agreement with Public Works Canada whereby the latter will, with respect to the Official Residences, provide certain property services at rates established with the Commission and approved by the Treasury Board.

9. COMPARATIVE FIGURES

The presentation of certain amounts of the previous year has been changed to conform with the presentation adopted for the current year.

NATIONAL GALLERY OF CANADA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the National Gallery of Canada (the Gallery) and all information in this annual report are the responsibility of management. The financial statements include some amounts that are necessarily based on management's estimates and judgment.

The financial statements have been prepared in accordance with accounting principles which are generally accepted in Canada. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, proper records are maintained and transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act*, and the by-laws of the Gallery.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit and Evaluation Committee of the Board of Trustees meets regularly with management and internal and external auditors to discuss auditing, internal controls and other relevant financial matters. The Committee reviews the financial statements and presents its recommendation to the Board of Trustees. The Board of Trustees approves the financial statements.

The external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon to the Minister responsible.

Dr. Shirley L. Thomson
Director

Yves Dagenais
Deputy Director

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Gallery of Canada as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Gallery's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Gallery as at March 31, 1993 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Gallery that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act*, and the by-laws of the Gallery.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 11, 1993

NATIONAL GALLERY OF CANADA—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash and deposit with Receiver General for Canada	6,173	8,668
Accounts receivable	854	563
Inventories	1,484	1,337
Prepaid expenses	77	120
	8,588	10,688
Collections	1	1
Long-term receivable—Trust account	347	
Capital assets (Note 3)	9,446	9,994
	18,382	20,683

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities (Note 4)	5,481	6,352
Special purpose account (Note 5)	11	417
	5,492	6,769
Accrued employee termination benefits	1,176	1,084
Trust Accounts (Note 6)	2,302	2,944
EQUITY		
Equity of Canada (Note 7)	9,412	9,886
	18,382	20,683

Approved by the Board of Trustees:

KATHLEEN HERMANT
Acting Director

MICHAL HERNSTEIN
Administrator

NATIONAL GALLERY OF CANADA—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Expenses		
Collect	8,059	10,176
Educate and Communicate	12,407	12,231
Accommodate	7,853	7,668
Administer	4,258	4,004
Total expenses (Schedule)	32,577	34,079
Revenue		
Bookstore and publishing	1,644	1,584
Admissions	420	538
Parking	340	360
Other	409	291
Total revenue	2,813	2,773
Net cost of operations	29,764	31,306

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance at beginning of year	9,886	9,766
Parliamentary appropriations		
—operating and capital expenditure	25,884	25,995
—works of art for the collections (Note 5)	3,406	5,431
Net cost of operations	(29,764)	(31,306)
Balance at end of year	9,412	9,886

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities:		
Net cost of operations	(29,764)	(31,306)
Items not affecting funds		
Amortization	1,963	2,166
Employee termination benefits	92	175
Loss (gain) on disposal of capital assets	30	(2)
	(27,679)	(28,967)
Decrease in non-cash working capital components	(1,672)	(3,092)
(Decrease) increase in trust accounts	(642)	37
Funds applied to operating activities	(29,993)	(32,022)
Investing activities:		
Increase in long-term receivable—trust account	(347)	
Purchase of capital assets	(1,467)	(2,584)
Proceeds from disposal of capital assets	22	4
Funds applied to investing activities	(1,792)	(2,580)
Financing activities:		
Parliamentary appropriations		
—operating and capital expenditure	25,884	25,995
—works of art for the collections	3,406	5,431
Funds provided by financing activities	29,290	31,426
Decrease in funds during the year	(2,495)	(3,176)
Cash and deposit with the Receiver General for Canada at beginning of year	8,668	11,844
Cash and deposit with the Receiver General for Canada at end of year	6,173	8,668

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority, Objective and Activities

The National Gallery of Canada (the Gallery) was established on July 1, 1990 by the *Museums Act* as a Crown corporation under Part I of Schedule III to the *Financial Administration Act*.

The Gallery's mandate as stated in the *Museums Act* is to develop, maintain and make known throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians. The Gallery's operations comprise the National Gallery of Canada and its affiliate the Canadian Museum of Contemporary Photography (CMCP).

During the year the Gallery operated through the Consolidated Revenue Fund and did not receive or pay interest on outstanding balances. Since April 1, 1993 the Gallery uses private sector banking facilities.

The National Gallery's operations are divided into four mutually supportive activities which work together to meet all aspects of its mandate. These activities are:

Collect

To acquire, preserve, research and record historic and contemporary works of art, both national and international, to represent Canada's visual arts heritage and to use in its programs.

Educate and Communicate

To further knowledge, understanding and enjoyment of the visual arts among all Canadians and to make the collections known both in Canada and abroad.

Accommodate

To provide a secure and suitable facility for the preservation and exhibition of the national collections of visual arts that is readily accessible to the public.

Administer

To provide direction, control and effective development and administration of resources.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are:

(a) Inventories

Inventories are valued at the lower of cost or market value. The market value of books and pamphlets is determined by the lower of the retail price and the net value. The net value is represented by the cost, which is written down on a straight-line basis over a five-year period to take into account obsolescence. All other stock items have a market value representing their retail price.

(b) Capital Assets

Capital assets are recorded at cost and amortized using the straight-line method over their estimated useful lives as follows:

Equipment and furniture	5 to 12 years
Leasehold improvements	25 years
Vehicles	5 years

Expenses related to the design and development of exhibits are charged to operations in the year in which they occur.

The cost of the buildings occupied by the Gallery is not shown in the financial statements. The buildings are owned and maintained by the Government of Canada.

(c) Collections

The Gallery holds collections of works of art for the benefit of Canadians, present and future. The collections are shown as an asset at a nominal value of $1,000 on the balance sheet to ensure that the reader is aware of their existence. Works of art purchased for the collections of the Gallery are, in the year of acquisition, recorded as an expense or accounted for in the trust account depending on the source of funds. Works of art donated to the Gallery are not recorded in the books of accounts.

(d) Pension Plan

The employees of the Gallery participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Gallery contribute equally to the cost of the Plan. This contribution represents the total liability of the Gallery. Contributions in respect of current service are expended during the year in which services are rendered. Admissible past service contributions are expended when paid. The terms of payment are set by the applicable purchase conditions.

The Gallery is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(e) Employee Termination Benefits

On termination of employment, employees of the Gallery are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(f) Trust Accounts

The Gallery accounts for receipts such as donations, gifts or bequests for both restricted and unrestricted purposes as trust accounts. Expenditures relating to these funds are charged against the relevant portion of the trust accounts in the year they are made. Transactions in the trust accounts are not recorded in the statements of operations.

(g) Parliamentary Appropriations

The Parliamentary appropriations for operating and capital expenditures and the purchase of works of art are recorded in the year to which they apply, and are credited to the Equity of Canada.

(h) Bookstore and Publishing

Expenses for the bookstore and publishing, including costs relating to personnel, travel, transportation and advertising are included in operating expenses.

NATIONAL GALLERY OF CANADA—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

3. Capital Assets

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Equipment and furniture	11,942	7,430	4,512	5,141
Leasehold improvements				
—in progress				3,835
—completed	5,175	286	4,889	966
Vehicles	182	137	45	52
	17,299	7,853	9,446	9,994

4. Accounts Payable and Accrued Liabilities

	1993	1992
	(in thousands of dollars)	
Trade	3,476	3,962
Due to government departments and Crown corporations	1,113	1,454
Accrued salaries and vacation pay	730	761
Others	162	175
	5,481	6,352

5. Special Purpose Account—Purchase of works of art for the collections

In 1992-93, Parliament approved a $3,000,000 payment (1991-92—$3,000,000) to the Gallery for the purchase of works of art for the collections. The Gallery established a non-lapsing special purpose account within the Consolidated Revenue Fund to deposit these payments. The balance at the end of a year is available for purchases in subsequent years. This provides the means to acquire, when opportunities arise, historically important, unique and high quality works that strengthen the collections.

	1993	1992
	(in thousands of dollars)	
Balance at beginning of year	417	2,848
Parliamentary appropriation	3,000	3,000
Total available	3,417	5,848
Purchase of objects for the collections of the Gallery (Note 9)	3,406	5,431
Balance at end of year	11	417

6. Trust Accounts

The Gallery maintains various trust accounts under two separate funds. These funds are normally for the development of exhibitions, purchases of works of art and for the development of a specific activity. The balance of the funds is principally made up of the "Director's Trust" which was setup pursuant to a Board of Trustees resolution. Under the terms of this resolution the Director can use these funds to further the Gallery's mandate.

The following summarizes the transactions for the year:

	1993	1992
	(in thousands of dollars)	
Balance at beginning of year	2,944	2,907
Revenue for the year		
Interest	190	232
Gifts and bequests	447	184
Total revenue	637	416
Expenditure for the year		
Purchase of works of art for the collections (Note 9)	1,279	
Library purchases		294
Other		85
Total expenditure	1,279	379
(Decrease) increase in funds	(642)	37
Balance at end of year	2,302	2,944

7. Equity of Canada

The Equity of Canada represents the book value of assets and liabilities transferred from the former National Museums of Canada as of July 1, 1990 and the accumulated net results of the operations of the Gallery to date.

8. Related Party Transactions

Services provided without charge primarily by Public Works Canada for accommodation and not recorded in the financial statements have been evaluated at $7,374,000 (1992—$7,100,000).

In addition to those related party transactions disclosed elsewhere in these financial statements, the Gallery is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Gallery enters into transactions with these entities in the normal course of business.

9. Collections

Acquisitions of works of art for the collections were made through the following:

	1993	1992
	(in thousands of dollars)	
Purchase from special purpose account (Note 5)	3,406	5,431
Gift or bequest, at fair market value	755	788
Purchase from trust account (Note 6)	1,279	
	5,440	6,219

NATIONAL GALLERY OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

10. Commitments

As at March 31, 1993, there remains $12,650,000 to be paid pursuant to agreements with a federal department and a Crown corporation. The major portion relates to a 49 year lease with the National Capital Commission for the CMCP facility. The future minimum payments required are as follows:

	(in thousands of dollars)
1993-94	450
1994-95	450
1995-96	500
1996-97	250
1997-98	250
1998-2041	10,750

11. Custody of Gallery building and surrounding property

The Gallery and Public Works Canada are negotiating the transfer of administration and control of the Gallery building and surrounding property located on Sussex Drive, Ottawa, Ontario and a leased warehouse facility. The transfer of responsibilities and resources are planned to take place in 1993-94.

12. Comparative figures

Certain reclassifications have been made to the 1992 comparative figures to conform with the current year's presentation.

SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Salaries and employee benefits	13,998	13,698
Purchase of works of art for the collections (Note 9)	3,406	5,431
Protective services	3,325	3,825
Professional and special services	2,516	2,454
Amortization	1,963	2,166
Materials and supplies	1,299	1,276
Cost of goods sold—Bookstore and Publishing	1,292	1,005
Repairs and upkeep of equipment	1,075	921
Advertising	650	867
Postage, freight, express and cartage	614	384
Travel	586	731
Publications	456	631
Library purchases	351	41
Communications	270	295
Grants in lieu of taxes—CMCP	264	
Rent—CMCP	250	
Rentals	185	276
Miscellaneous	77	78
Total of expenses	32,577	34,079

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the *Museums Act* and by-laws of the corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Trustees. The Board of Trustees has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister responsible for the corporation.

Geneviève Sainte-Marie
Director

Laurent Nadon
Director General, Corporate Services

AUDITOR'S REPORT

TO THE MINISTER OF COMMUNICATIONS

I have audited the balance sheet of the National Museum of Science and Technology as at March 31, 1993 and the statements of operations, equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and the by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1993

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Deposit with Receiver General for Canada	1,802	2,547
Accounts receivable		
—Government departments	88	122
—Other	26	11
Inventories (Note 3)	179	197
Prepaid expenses	145	105
	2,240	2,982
Trust account (Note 4)	657	621
Collection	1	1
Property and equipment (Note 5)	6,494	6,515
	9,392	10,119

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities		
—Government departments	268	951
—Other	1,916	2,004
Current portion of accrued employee termination benefits	193	175
	2,377	3,130
Accrued employee termination benefits	933	863
Trust account (Note 4)	657	621
EQUITY OF CANADA		
Equity of Canada	5,425	5,505
	9,392	10,119

Approved by Management:

G. STE-MARIE
Director

LAURENT NADON
Director General, Corporate Services

Approved by the Board of Trustees:

DAVID M. CULVER
Chairman

LEON F. LOUCKS
Chairman, Audit Committee

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Revenue		
Admission fees	986	593
Publishing, gift stores and cafeteria	519	250
Other sales and services	139	163
	1,644	1,006
Expenses		
Personnel costs	10,941	10,262
Professional and special services	1,640	2,354
Amortization	1,061	1,054
Protection services	964	718
Materials and supplies	561	565
Repair and upkeep of equipment	334	348
Advertising	316	329
Publications	302	469
Publishing, gift stores and cafeteria	273	228
Office supplies and equipment	246	188
Design and display	237	402
Travel	225	241
Communications	180	178
Rentals	121	142
Freight, express and cartage	107	121
Books	106	87
Purchase of objects for the collection	106	29
Miscellaneous	92	(87)
	17,812	17,628
Excess of expenses over revenue	16,168	16,622

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Operating activities		
Excess of expenses over revenue	(16,168)	(16,622)
Items not affecting funds		
Amortization	1,061	1,054
Employee termination benefits	70	75
Gain on disposal of capital assets	(8)	
Change in non-cash operating working capital items	(756)	(1,388)
Funds applied to operating activities	(15,801)	(16,881)
Financing activities		
Parliamentary appropriation	16,088	17,134
Investing activities		
Additions to property and equipment (net)	(1,032)	(2,075)
Decrease in deposit with the Receiver General	(745)	(1,822)
Deposit at the beginning of the year	2,547	4,369
Deposit at the end of the year	1,802	2,547

STATEMENT OF EQUITY OF CANADA
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993	1992
Balance at the beginning of the year	5,505	4,993
Parliamentary appropriation (Note 6)	16,088	17,134
Excess of expenses over revenue	(16,168)	(16,622)
Balance at the end of the year	5,425	5,505

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority, mandate and operations

The National Museum of Science and Technology was established by the *Museums Act* on July 1st, 1990, and is an agent Crown corporation named in Part I of Schedule III to the *Financial Administration Act*.

The mandate of the corporation as stated in the Act is to foster scientific and technological literacy throughout Canada by establishing, maintaining and developing a collection of scientific and technical objects, with special but not exclusive reference to Canada, and by demonstrating the products and processes of science and technology and their economic, social and cultural relationships with society.

The corporation's operations comprise the National Museum of Science and Technology, the National Aviation Museum and common support activities.

2. Accounting policies

(a) Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined using the first in, first out method.

(b) Collection

The collection constitutes the major portion of the corporation's assets but is shown at a nominal value of $1,000 on the balance sheet because of the practical difficulties in reflecting it at a meaningful value. Objects purchased for the collection are recorded as expenses in the year of acquisition. Objects donated to the corporation are not recorded in the books of accounts.

(c) Property and equipment

Property and equipment are recorded at cost. Capital assets are amortized using the straight-line method over their estimated useful lives as follows:

Building renovations	10 to 25 years
Equipment	5 to 12 years
Office furniture	5 to 10 years

(d) Pension plan

The employees of the corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the corporation. Contributions in respect of current service are expensed during the year in which the service is rendered. Contributions in respect of admissible past service are expensed when paid; the terms of payment are set by the applicable purchase conditions. The corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(e) Publishing and gift store operations

Operating expenses of publishing and gift stores, including costs relating to personnel, travel, transportation, advertising, building maintenance, rent and utilities, are included in operating expenses.

(f) Employee termination benefits

On termination of employment, employees of the corporation are entitled to certain benefits provided for under their collective agreement and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

(g) Parliamentary appropriations

Operating expenditures and the acquisition of capital assets are financed by a parliamentary appropriation which is credited to the equity of Canada in the year to which it applies.

3. Inventories

	1993	1992
	(in thousands of dollars)	
Books, pamphlets, replicas and other materials	168	191
Publications in process	11	6
	179	197

4. Trust account

This account was established by sub-section 15(1)(m) of the *Museums Act*, and is credited with moneys received by the corporation by way of gift, bequest or otherwise, interest on securities, rent or sales of real property acquired by the corporation by way of gift, bequest or otherwise. Also an amount representing interest on the balance is credited to the account. The account is charged with amounts expended for the purpose for which such moneys or property were given, bequeathed or otherwise made available to the corporation. These transactions are not included in the statement of operations.

	1993	1992
	(in thousands of dollars)	
Receipts		
Gifts and bequests	183	260
Interest	34	30
	217	290
Disbursements	181	20
Excess of receipts over disbursements	36	270
Balance at the beginning of the period	621	351
Balance at the end of the year, represented by deposit with the Receiver General for Canada	657	621

NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

5. Property and equipment

	1993			1992
	Cost	Accumulated amortization	Net book value	Net book value
	(in thousands of dollars)			
Building renovations	4,541	482	4,059	4,113
Equipment	3,806	2,310	1,496	1,083
Office furniture	2,941	2,002	939	1,319
	11,288	4,794	6,494	6,515

6. Parliamentary appropriation

	1993	1992
	(in thousands of dollars)	
Department of Communications		
Vote 100 (Vote 95 in 1992)	16,098	17,620
Amount lapsed	(10)	(486)
Amount used	16,088	17,134

7. Related party transactions

The corporation is related to all government of Canada departments, agencies and Crown corporations. The rental of building space by the corporation is a service supplied without charge by the Government of Canada. The value of this service is estimated at $8,071,000 ($7,048,000 in 1991-92) and is not included in expenses.

The corporation also incurred expenses for the work and services provided by other government departments and agencies. These transactions were conducted in the normal course of operations, under the same terms and conditions that applied to outside parties.

8. Commitments

As at March 31, 1993, the corporation had entered into various agreements mainly for the provision of professional services. The future minimum payments required under these agreements are $178,000 in 1993-94.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in 1993.

OLD PORT OF MONTREAL CORPORATION INC.

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC WORKS

I have audited the balance sheet of the Old Port of Montreal Corporation Inc. as at March 31, 1993 and the statements of revenue and expenditures, Minister's account and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and the by-laws of the Corporation, as well as the agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 28, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash	2,750,778	11,373,488
Accounts receivable	1,161,323	1,718,239
Due from Minister of Public Works	4,062,630	2,718,450
Prepaid expenses	25,319	647,636
	8,000,050	16,457,813

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable	7,602,367	16,125,131
Due to Receiver General for Canada (Note 3)	109,533	39,368
	7,711,900	16,164,499
Provision for employee termination benefits	288,150	293,314
	8,000,050	16,457,813
Contingencies (Note 6)		
SHAREHOLDER'S EQUITY		
Capital stock (Note 4)		
	8,000,050	16,457,813

Approved by the Board:

DANIÈLE TOUCHETTE
Director

BENOÎT LEMAY
Director

OLD PORT OF MONTREAL CORPORATION INC.—*Continued*

REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Revenue		
Animation programs	5,453,514	4,663,554
Less: Royalties to third parties	3,481,188	3,144,094
	1,972,326	1,519,460
Daily and monthly parking	2,300,809	1,708,425
Concessions and exclusive rights	1,060,530	318,137
Interest	264,423	397,596
Other	275,257	173,475
	5,873,345	4,117,093
Operating expenditure		
Maintenance of property and space rentals	3,780,467	3,145,842
Animation programs	2,029,288	1,466,715
Administration	1,914,266	1,741,997
Communications	1,452,333	1,102,993
	9,176,354	7,457,547
Excess of operating expenditure over revenue	3,303,009	3,340,454
Capital expenditure	18,988,581	39,161,401
Excess of expenditures over revenue	22,291,590	42,501,855
Revenue alloted to the Consolidated Revenue Fund of Canada (Note 3)	544,934	523,681
Amount to be funded by the Minister of Public Works	22,836,524	43,025,536

CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Excess of operating expenditure over revenue	(3,303,009)	(3,340,454)
Decrease (increase) in accounts receivable	556,916	(1,247,049)
Decrease (increase) in prepaid expenses	622,317	(636,182)
Increase (decrease) in accounts payable	(8,522,764)	10,297,576
Increase (decrease) in the provision for employee termination benefits	(5,164)	8,734
	(10,651,704)	5,082,625
Investing activities		
Capital expenditure	(18,988,581)	(39,161,401)
Financing activities		
Parliamentary appropriations received	21,492,344	40,504,381
Remittances to the Consolidated Revenue Fund	(474,769)	(521,306)
	21,017,575	39,983,075
Cash		
Increase (decrease) for the year	(8,622,710)	5,904,299
Balance at beginning of the year	11,373,488	5,469,189
Balance at end of the year	2,750,778	11,373,488

MINISTER'S ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Due from Minister of Public Works at beginning of the year	2,718,450	197,295
Amount to be funded by the Minister of Public Works	22,836,524	43,025,536
	25,554,974	43,222,831
Parliamentary appropriations received	(21,492,344)	(40,504,381)
Due from Minister of Public Works at the end of the year	4,062,630	2,718,450

OLD PORT OF MONTREAL CORPORATION INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1993

1. Authority and activities

The Old Port of Montreal Corporation Inc. was incorporated on November 26, 1981 under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of Canada Lands Company Limited, a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*.

Effective February 1, 1982, pursuant to an agreement between the Corporation and Her Majesty in Right of Canada represented by the Minister of Public Works, the Corporation is responsible for developing and for promoting the development of the lands of the Old Port of Montreal, and for administering, managing, and maintaining the property of Her Majesty located therein. The Corporation fulfils this responsibility in the name and for the account of the Minister of Public Works who continues to hold title to the capital assets for the benefit of Her Majesty.

2. Significant accounting policies

(a) Financial statement presentation

The financial statements present transactions carried out by the Corporation as agent and on behalf of the Minister of Public Works.

(b) Amount to be funded by the Minister of Public Works

All expenditures incurred by the Corporation, net of revenue used for its operations, are reimbursable by the Minister of Public Works using a parliamentary appropriation.

The difference between parliamentary appropriations received and the amount to be funded is recorded by the Corporation as due from or due to the Minister of Public Works.

(c) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to certain benefits provided for under the salary administration policy of the Corporation. The cost of these benefits is recorded in the year in which they are earned by the employees.

(d) Revenue

Pursuant to the agreement between the Corporation and the Minister of Public Works, proceeds from the direct use of capital assets having titles held by the Minister are alloted to the Consolidated Revenue Fund of Canada and are to be remitted to the Receiver General for Canada. Other proceeds are used by the Corporation for its operations.

(e) Expenditures of a capital nature

Expenditures of a capital nature represent costs that significantly increase the value or extend the useful lives of properties administered by the Corporation. They also include costs of demolishing structures. Capital assets are not disclosed in the balance sheet since the Minister of Public Works holds title to the capital assets for the benefit of Her Majesty.

(f) Retirement savings plan

The Corporation has established a group retirement savings plan under which a single trust was established with a private sector organization in order to accumulate contributions to provide a retirement income for the employees through individually registered retirement savings plans. All contributions are paid by the employees, the Corporation acting solely as an agent without incurring any liability.

3. Due to Receiver General for Canada

	1993	1992
	$	$
Balance at beginning of the year	39,368	36,993
Proceeds alloted to the Consolidated Revenue Fund of Canada		
Monthly parking	439,262	396,509
Rentals	78,292	84,224
Other	27,380	42,948
	544,934	523,681
	584,302	560,674
Remittances	(474,769)	(521,306)
Balance at end of the year	109,533	39,368

4. Capital stock

The Corporation is authorized to issue a single share, to be held in trust for Her Majesty in Right of Canada, which may not be transferred without the consent of the Governor General in Council. The authorized share has been issued in consideration of services rendered.

5. Commitments

As at March 31, 1993, the commitments totalled $974,332 ($6,591,318 as at March 31, 1992).

6. Contingencies

As operator of the Expotec/Imax program, the Corporation has committed itself to take charge of the contingent liability that may result from a litigation between a municipal corporation and a services supplier. As at March 31, 1993, the Corporation estimated this contingent liability to be approximately $2.0 million. The Corporation considers that this lawsuit is ill-founded and consequently no provision has been recorded.

The Corporation has claimed credits of $5.4 million from Revenue Canada and $0.5 million from Revenue Quebec as at March 31, 1993 in respect of taxes paid to its suppliers on goods and services received since the implementation of the applicable tax laws. The Corporation is of the opinion that it is entitled to claim the credits. Although steps have been undertaken with Revenue Canada to clarify the Corporation's status regarding the Goods and Services Tax, no official ruling was obtained.

OLD PORT OF MONTREAL CORPORATION INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1993—*Concluded*

Various claims have been brought against the Corporation in the normal course of business.

It is the opinion of management that the conclusion of these contingencies will not result in any material liabilities to the Corporation. Any payment resulting from an unfavourable decision against the Corporation would be charged to the year during which the Corporation would actually be compelled to pay.

7. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

8. Cumulative data since November 26, 1981

	Accumulated as at March 31, 1992	1992-93	Accumulated as at March 31, 1993
	$	$	$
Capital expenditure	108,062,753	18,988,581	127,051,334
Excess of operating expenditure over revenue	23,224,205	3,303,009	26,527,214
Proceeds alloted to the Consolidated Revenue Fund of Canada	3,090,348	544,934	3,635,282
Amount being funded	134,377,306	22,836,524	157,213,830

9. Comparative figures

Certain figures of the year ended March 31, 1992 have been reclassified to conform with the presentation adopted for 1993.

PACIFIC PILOTAGE AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of Pacific Pilotage Authority as at December 31, 1992 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Pilotage Act* and regulations and the by-laws of the Authority.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 5, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and short-term investments	3,657	2,541
Accounts receivable	3,250	3,589
Prepaid expenses	212	98
	7,119	6,228
Property and equipment (Note 3)	853	665
	7,972	6,893

LIABILITIES	1992	1991
Current		
Accounts payable and accrued liabilities	2,625	3,303
Long-term		
Accrued employee termination benefits	500	427
Obligations under capital leases	1	34
	501	461
	3,126	3,764
EQUITY OF CANADA		
Contributed capital	806	806
Retained earnings	4,040	2,323
	4,846	3,129
	7,972	6,893

Approved by the Authority:

M. FELLIS
Acting Chairman

C. YVES
Member

PACIFIC PILOTAGE AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues		
Pilotage charges	32,589	33,634
Interest and other income	200	145
	32,789	33,779
Expenses		
Contract pilots' fees	21,335	22,637
Operating costs of pilot boats	3,239	3,306
Transportation and travel	3,183	3,214
Staff salaries and benefits	1,474	1,446
Pilots' salaries and benefits	866	906
Rentals	191	192
Professional and special services	189	216
Computer services	174	195
Utilities, materials and supplies	145	131
Amortization	141	124
Communications	88	91
Repairs and maintenance	39	26
Interest on capital leases	8	7
	31,072	32,491
Net income for the year	1,717	1,288

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Appropriated		
Balance at beginning and end of the year	500	500
Unappropriated		
Balance at beginning of the year	1,823	535
Net income for the year	1,717	1,288
Balance at end of the year	3,540	1,823
	4,040	2,323

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net income for the year	1,717	1,288
Items not affecting cash		
Amortization	141	124
Employee termination benefits	73	(38)
Gain on disposal of property and equipment	(7)	
Change in non-cash operating components of working capital	(453)	427
Cash generated by operating activities	1,471	1,801
Investing activities		
Additions to property and equipment	(330)	(109)
Proceeds from disposal of property and equipment	8	
	(322)	(109)
Financing activities		
Increase (decrease) in long-term obligations under capital leases	(33)	10
Increase in cash	1,116	1,702
Cash and short-term investments at beginning of the year	2,541	839
Cash and short-term investments at end of the year	3,657	2,541

PACIFIC PILOTAGE AUTHORITY—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and objectives

The Pacific Pilotage Authority was established in 1972 pursuant to the *Pilotage Act*. The objectives of the Authority are to establish, operate, maintain and administer a safe and efficient pilotage service within designated Canadian waters. The Act further provides that the tariffs of pilotage charges shall be fair and reasonable and consistent with providing a revenue, together with any revenue from other sources, sufficient to permit the Authority to operate on a self-sustaining financial basis.

Pilotage services on the Fraser River are provided by employee pilots and in other coastal waters under a contract with a local licensed pilots' company.

The Authority is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not subject to any income taxes.

2. Significant accounting policies

Capital leases

Under the terms of certain lease agreements the Authority assumes the rights and obligations of ownership. These leases are treated as capital leases. An asset and an obligation are recorded at an amount equal to the market value of the asset at the beginning of the lease. The obligation is reduced each year by the principal portion of the lease payments and the interest portion is charged to expense.

Amortization

Amortization of property and equipment is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Pilot boats	25 years
Equipment—communication and other	10 years
—computer	5 years
Leasehold improvements	15 years

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these payments is recorded in the accounts as the benefits accrue to the employees.

Contributed capital

Amounts representing the values assigned to property and equipment transferred from Canada in 1972 and the cost of any property and equipment financed from parliamentary appropriations are shown as contributed capital.

Retained earnings

Amounts are appropriated from time to time by the Authority to provide for extraordinary costs arising from renewal or acquisition of capital assets and for contingencies.

Pension plan

All employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

3. Property and equipment

	1992			1991
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
Buildings	40	40		
Pilot boats	1,306	918	388	430
Equipment —communication and other	711	419	292	110
—computers	523	386	137	84
Leasehold improvements	66	30	36	41
	2,646	1,793	853	665

The above assets include computers under capital leases at a total value of $181,837 (1991—$80,740) less accumulated amortization of $69,900 (1991—$33,484).

4. Commitments

The Authority has a long-term operating lease obligation for office accommodation aggregating $607,320 to December 31, 1999 at a base annual rent of $86,760. The obligation also calls for pro-rata share of annual operating costs estimated at $30,000 for 1993.

The Authority has an operating lease agreement for the services of a manned pilot boat until December 31, 1993. For 1992, rent was $312,000. In addition, the Authority paid $112 per assignment for each assignment beyond eleven assignments in any one month. The rent for 1993 is still to be negotiated. The Authority holds an option to cancel the contract any time during the period on 30 days notice. If, however, the Authority does exercise the option, the Authority has the obligation to purchase the boat at current market value.

PETRO-CANADA LIMITED

AUDITORS' REPORT

TO THE MINISTER OF STATE (FINANCE AND PRIVATIZATION)

We have audited the balance sheet of Petro-Canada Limited as at December 31, 1992 and the statements of earnings and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Petro-Canada Limited Act* and by-laws of the corporation.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada

Arthur Andersen & Co.
Chartered Accountants

Calgary, Canada
March 29, 1993

BALANCE SHEET
AS AT DECEMBER 31, 1992
(stated in millions of dollars)

ASSETS	1992	1991
Current assets		
Cash and short-term deposits	11	6
Accrued interest receivable	9	20
Current portion of investments	11	
	31	26
Debentures receivable (Notes 4 and 6)		693
Investments (Note 5)	488	270
	519	989

LIABILITIES AND SHAREHOLDER'S EQUITY	1992	1991
Current liabilities		
Accrued interest payable	11	19
Accounts payable	2	
	13	19
Deferred revenue (Note 5)	39	14
Long-term debt (Notes 4 and 6)	460	952
Shareholder's equity (Note 7)	7	4
	519	989

Approved on behalf of the Board:

ARNI C. THORSTEINSON
Director

JOCELYNE PELCHAT
Director

PETRO-CANADA LIMITED—*Continued*

STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(stated in millions of dollars)

	1992	1991
Revenue		
Interest income (Note 4)	70	137
Gain on retirement of debentures receivable (Note 5)	66	14
Prepayment premium	6	5
Credit and guarantee fees	4	4
	146	160
Expenses		
Loss on retirement of long-term debt (Note 5)	75	20
Interest on long-term debt	68	112
Other interest		24
	143	156
Net earnings	3	4
Retained earnings (deficit) at beginning of year	(25)	(29)
Retained earnings (deficit) at end of year	(22)	(25)

STATEMENT OF CHANGES
IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(stated in millions of dollars)

	1992	1991
Operating activities		
Net earnings	3	4
Non-cash items included in earnings	(14)	
	(11)	4
Increase in deferred revenue	25	14
Decrease (increase) in operating working capital	5	(1)
	19	17
Investing activites		
Collection of debentures receivable	733	699
Purchase of investments	(188)	(270)
Collection of short-term notes receivable		705
Dividends from investment in Petro-Canada		31
Increase in investment in and advances to Petro-Canada		(31)
	545	1,134
Financing activities		
Repayment of long-term debt	(559)	(440)
Repayment of short-term notes payable		(705)
	(559)	(1,145)
Increase in cash and short-term deposits	5	6
Cash and short-term deposits at beginning of year	6	
Cash and short-term deposits at end of year	11	6

PETRO-CANADA LIMITED—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992
(stated in millions of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements include the accounts of Petro-Canada Limited ("the Corporation"), an agent of Her Majesty in right of Canada. The former subsidiary Petro-Canada International Assistance Corporation was not consolidated in 1991 for the reason described in Note 2.

(b) Translation of Foreign Currency

Monetary assets and liabilities are translated into Canadian dollars at rates of exchange in effect at the balance sheet date. Related interest income and expense are translated at rates of exchange in effect at the respective transaction dates. Investments and debentures receivable hedge foreign currency fluctuations on long-term debt. Unrealized exchange gains or losses arising on translation of investments and debentures receivable are offset against those relating to the long-term debt.

(c) Investments

Investments are carried at cost less amortization of premiums on acquisition. Premiums on acquisition are amortized on a straight-line basis over the life of the investments.

(d) Deferred Revenue

Deferred revenue is amortized on a straight-line basis over the life of the related investments.

2. *THE PETRO-CANADA PUBLIC PARTICIPATION ACT*

On February 1, 1991 the *Petro-Canada Public Participation Act* ("the Act") received Royal Assent. The Act provides that:

— the name of the Corporation was changed from Petro-Canada to Petro-Canada Limited,

— the name of the former principal operating subsidiary of the Corporation was changed from Petro-Canada Inc. to Petro-Canada,

— the shares of Petro-Canada held by the Corporation were transferred to the Minister of State (Finance and Privatization) ("the Minister"),

— the Corporation is authorized to transfer the shares of Petro-Canada International Assistance Corporation held by the Corporation in accordance with the direction of the Governor in Council, and

— the Corporation be dissolved and the *Petro-Canada Limited Act* be repealed on a date to be fixed by the Governor in Council.

Petro-Canada International Assistance Corporation was dissolved in accordance with the *Canada Business Corporation Act* on April 1, 1992.

3. TRANSFER OF INVESTMENT IN PETRO-CANADA

The transfer to the Minister of the shares of Petro-Canada held by the Corporation (Note 2) is regarded by management to have been approved upon the passing of the Act, in the form of Bill C-84, by the House of Commons in December 1990.

In January 1991 the Corporation received a dividend of $31 million from Petro-Canada and purchased common shares of Petro-Canada for $31 million.

The Corporation formally transferred its investment in Petro-Canada to the Minister on February 1, 1991.

4. RELATED PARTY TRANSACTIONS

The Corporation loaned the proceeds from the issue of long-term debt to Petro-Canada, evidenced by debentures receivable, on terms substantially the same as the Corporation's borrowing terms and, in 1992, earned $36 million (1991—$132 million) of interest income from Petro-Canada. The Corporation has negotiated arrangements with Petro-Canada and the Government of Canada to provide for the servicing and repayment of the Corporation's outstanding debt and other obligations and the related obligations of Petro-Canada to the Corporation (Note 5).

At December 31, 1992 the Corporation has guaranteed U.S. $70 million (Canadian $89 million) of floating rate debt issued by Petro-Canada maturing January 31, 1995, of which U.S. $60 million has since been retired, and $225 million of fixed rate debt issued in connection with the financing for the Petro-Canada Centre maturing on or before November 15, 1994, of which $50 million has since been repaid.

In 1992 the Corporation had an operating services agreement with Petro-Canada whereby Petro-Canada provided various administrative, operating and management services on behalf of the Corporation for a fee of $125,000.

The Corporation holds investments with a face value of U.S. $178 million (Canadian $226 million) (1991—U.S. $178 million (Canadian $206 million)) in an agency Crown corporation of the Government of Canada.

5. DEBT RESTRUCTURING

In May 1991, the Corporation entered into a debt restructuring agreement ("the Agreement") with Petro-Canada and the Government of Canada whereby Petro-Canada was to prepay to the Corporation the outstanding debentures receivable due to the Corporation, based on the market value of the debentures on the date of prepayment. At December 31, 1992 Petro-Canada had prepaid all debentures receivable due to the Corporation, thereby completing the repayment required under the terms of the Agreement.

The Agreement provides for the payment to the Corporation of credit and guarantee fees ("the fees") with respect to the debentures receivable until prepayment and with respect to the guaranteed debt (Note 4) until its maturity. The amount of the fees depends on the credit rating of Petro-Canada. Based on Petro-Canada's current credit rating, the guarantee fee is 1/2 of 1% per annum of the outstanding debt.

Under the Agreement Petro-Canada paid to the Corporation a prepayment premium of U.S. $13 million in consideration of the costs associated with the prepayment of the debentures receivable.

In 1992, Petro-Canada prepaid U.S. $600 million of debentures receivable at market value of U.S. $671 million (Canadian $821 million) and paid a prepayment premium of U.S. $6.5 million (Canadian $8 million) to the Corporation. Subsequently, the Corporation offered to redeem the corresponding debentures in long-term debt and redeemed U.S. $452 million at market value of U.S. $514 million (Canadian $624 million). Investments were purchased to defease the remaining U.S. $148 million (Canadian $188 million) of debentures in long-term debt.

PETRO-CANADA LIMITED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

In 1991, Petro-Canada prepaid U.S. $600 million of debentures receivable at market value of U.S. $620 million (Canadian $697 million) and paid a prepayment premium of U.S. $6.5 million (Canadian $7 million) to the Corporation. Subsequently, the Corporation offered to redeem the corresponding debentures in long-term debt and redeemed U.S. $377 million at market value of U.S. $397 million (Canadian $446 million). Investments were purchased to defease the remaining U.S. $223 million (Canadian $259 million) of debentures in long-term debt.

These investments are intended to be held until maturity and therefore no provision is made for any decline in market value. Proceeds from interest and principal maturities of the investments approximate the Corporation's interest and principal obligations of the debentures in long-term debt. The Corporation has deferred the portion of the gain on retirement of debentures receivable and the portion of the prepayment premium associated with the long-term debt not redeemed.

6. LONG-TERM DEBT

	Maturity	1992	1991
In United States dollars			
7.25% unsecured debentures [1] (U.S. $48 million, 1991—U.S. $200 million)	1996	61	231
9.50% unsecured debentures [1] (U.S. $96 million, 1991—U.S. $200 million)	2003	122	231
8.60% unsecured debentures (U.S. $158 million, 1991—U.S. $158 million)	2010	201	183
8.25% unsecured debentures (U.S. $40 million, 1991—U.S. $45 million)	2016	51	53
9.70% unsecured debentures (U.S. $16 million, 1991—U.S. $20 million)	2018	20	23
8.80% unsecured debentures [1] (U.S. $4 million, 1991—U.S. $200 million)	2019[2]	5	231
		460	952

[1] At December 31, 1991 the proceeds have been loaned to Petro-Canada as evidenced by debentures receivable (Note 4).
[2] Redeemable, at face value, in 2004 at the option of the holder thereof.

The minimum repayment of long-term debt in the next five years is $61 million in 1996.

7. SHAREHOLDER'S EQUITY

	1992	1991
Capital	2,727	2,727
Retained earnings (deficit)	(22)	(25)
	2,705	2,702
Shareholder's equity attributed to investment in Petro-Canada transferred to the Minister (Notes 2 and 3)	(2,698)	(2,698)
	7	4

Authorized Capital

(a) 71,188 common shares with a par value of one hundred thousand dollars each, and

(b) Preferred shares issued to the Government of Canada provided that the amount of such shares together with any loans received, and outstanding, from the Consolidated Revenue Fund of the Government of Canada is not in excess of one billion dollars. These shares have a par value of one dollar each, are redeemable at par at the option of the Corporation, carry no stated rate of divident and are non-cumulative.

Issued (to the Government of Canada)

	Number of shares	1992	1991
Common shares	17,540	1,754	1,754
Preferred shares	972,771,853	973	973
Total capital		2,727	2,727

8. INCOME TAXES

Pursuant to an Order-in-Council and subsequent amendments to income tax legislation, effective July 3, 1991 the Corporation became an exempt corporation for purposes of the *Income Tax Act* and is not liable for income taxes after that date.

PORT OF QUÉBEC CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Port of Québec Corporation as at December 31, 1992 and the statements of income, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We further report that, in our opinion, the transactions of the Corporation that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and with the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Québec, Canada
February 9, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current assets		
Cash	1,225,315	327,608
Investments		730,555
Accounts receivable	4,464,187	5,652,836
Materials and supplies	159,989	153,212
	5,849,491	6,864,211
Long-term receivable (Note 3)	226,505	226,505
Fixed assets (Note 4)	58,719,047	55,271,630
	64,795,043	62,362,346

LIABILITIES	1992	1991
	$	$
Current liabilities		
Accounts payable and accrued liabilities	1,939,426	2,220,232
Grants in lieu of municipal taxes	319,400	221,157
Deferred revenues	888,158	834,773
Current portion of long-term debt	71,562	
	3,218,546	3,276,162
Long-term debt		
Accrued employee benefits	1,000,000	951,000
Loans from interport loan fund (Note 5)	3,428,438	
	4,428,438	951,000
EQUITY OF CANADA		
Contributed capital	51,852,198	51,852,198
Surplus	5,295,861	6,282,986
	57,148,059	58,135,184
	64,795,043	62,362,346

Contingencies (Note 8).
Commitments (Note 9).
See accompanying notes.

On behalf of the Board:

RAYMOND S. McBAIN
Acting Chairman of the Board

ROSS GAUDREAULT
President and Chief Executive Officer

PORT OF QUÉBEC CORPORATION—*Continued*

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenue from operations	14,287,504	15,693,675
Expenses:		
Operating and administrative	10,606,195	11,235,444
Depreciation	2,997,486	3,032,452
Grants in lieu of municipal taxes	1,702,631	1,071,037
	15,306,312	15,338,933
Income (loss) from operations	(1,018,808)	354,742
Other income (expense):		
Investment income	89,352	252,534
Interest expense	(46,941)	
	42,411	252,534
Net income (loss) before unusual items	(976,397)	607,276
Gain on disposal of a building		229,801
Gain on disposal of investments		694,424
		924,225
Net income (loss)	(976,397)	1,531,501

See accompanying notes.

STATEMENT OF SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Surplus at beginning of year	6,282,986	4,751,485
Net income (loss)	(976,397)	1,531,501
Dividend to Canada	(10,728)	
Surplus at end of year	5,295,861	6,282,986

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash provided by (used for):		
Operations:		
Net income (loss)	(976,397)	1,531,501
Items not affecting cash:		
Depreciation	2,997,486	3,032,452
Gain on disposal of fixed assets	(48,470)	(241,388)
Gain on disposal of investments		(694,424)
Write-off of projects under construction	13,187	964,307
Accrued employee benefits	49,000	(20,700)
	2,034,806	4,571,748
Changes in non-cash operating working capital (Note 6)	1,052,694	(10,101,583)
	3,087,500	(5,529,835)
Investment:		
Additions to fixed assets	(6,467,279)	(3,690,004)
Long-term receivable		(226,505)
Proceeds from disposal of fixed assets	57,659	364,733
Proceeds from disposal of investments		7,423,660
	(6,409,620)	3,871,884
Financing:		
Loans from interport loan fund	3,500,000	
Dividend to Canada	(10,728)	
	3,489,2/2	
Increase (decrease) in cash position	167,152	(1,657,951)
Cash position at beginning of year	1,058,163	2,716,114
Cash position at end of year	1,225,315	1,058,163
Cash position is represented by:		
Cash	1,225,315	327,608
Investments		730,555
	1,225,315	1,058,163

See accompanying notes.

PORT OF QUÉBEC CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. STATUS AND NATURE OF ACTIVITIES

The Port of Québec Corporation was incorporated on June 1, 1984, under section 6.2(1) of the *Canada Ports Corporation Act*. The Corporation is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fixed assets:

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants received from Canada and from third parties for capital projects are deducted from the cost of the related fixed assets.

Depreciation is calculated on the straight-line basis commencing with the year the asset becomes operational, using the following annual rates:

Assets	Depreciation Rates %
Dredging	2.5 -6.7
Berthing structures	2.5-10.0
Buildings	2.5-10.0
Utilities	3.3-10.0
Roads and surfaces	2.5-10.0
Machinery and equipment	5.0-20.0
Office furniture and equipment	20.0

(b) Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(c) Insurance:

The Port of Québec Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from these claims are recorded in the accounts in the year, based on the invoices received or to be received from Labour Canada for the year.

(d) Grants in lieu of municipal taxes:

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits:

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements, or in accordance with its policy.

3. LONG-TERM RECEIVABLE

	1992	1991
	$	$
Receivable from a company, without interest, cashable in January 1994	226,505	226,505

4. FIXED ASSETS

	1992			1991
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$
Land	11,098,253		11,098,253	11,098,253
Dredging	4,561,342	4,063,551	497,791	525,851
Berthing structures	23,845,094	18,393,125	5,451,969	5,892,534
Buildings	35,454,385	18,038,480	17,415,905	18,099,100
Utilities	19,471,263	4,222,276	15,248,987	15,972,710
Roads and surfaces	6,123,542	4,749,677	1,373,865	1,604,389
Machinery and equipment	1,001,314	514,999	486,315	391,073
Office furniture and equipment	1,645,687	1,162,596	483,091	714,315
Projects under construction	6,662,871		6,662,871	973,405
	109,863,751	51,144,704	58,719,047	55,271,630

5. LOANS FROM INTERPORT LOAN FUND

	1992	1991
	$	$
Loans bearing interest at 8.5% to 8.73%, payable in yearly instalments, of $372,512 including interest maturing in 2012	3,500,000	
Current portion of long-term debt	71,562	
	3,428,438	

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1992 are as follows: 1993—$71,562; 1994—$77,714; 1995—$84,396; 1996—$101,652 and 1997—$109,531.

6. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	1992	1991
	$	$
Accounts receivable	1,188,649	(3,146,909)
Materials and supplies	(6,777)	652
Accounts payable and accrued liabilities	(280,806)	(1,310,430)
Contribution payable to Canada		(5,665,000)
Grants in lieu of municipal taxes	98,243	35,503
Deferred revenues	53,385	(15,399)
	1,052,694	(10,101,583)

PORT OF QUÉBEC CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

7. RELATED PARTY TRANSACTIONS

During the year, the Corporation entered into transactions with related entities including various departments, government organizations and Crown corporations.

Principally, the Corporation earned rental revenues of $743,000 in 1992 from related entities ($1,059,000 in 1991). The expenses paid to related parties mainly consist in reimbursements of $822,000 ($842,000 in 1991) to Canada Ports Corporation as its share of the Corporation's head office expenses. The Corporation has also earned investment income of $89,000 ($253,000 in 1991).

The Corporation has accounts payable of $292,000 ($242,000 in 1991) and accounts receivable of $295,000 ($149,000 in 1991) with the same related parties.

8. CONTINGENCIES

Claims aggregating approximately $1,000,000 have been received by the Corporation in respect to lawsuits and various other matters in dispute. In the Corporation's view, its position is defensible and the final outcome of such claims should not result in any material loss.

In addition, claims for an estimated amount of approximately $5,000,000 have been received by the Corporation concerning the ownership of certain lands. Any amount payable in connection with those claims will be capitalized to the cost of land.

These amounts are not recorded in the financial statements.

9. COMMITMENTS

The Corporation has authorized the construction of a grain cleaning system. Costs are estimated to $13,400,000 and will be shared equally between the Corporation and Bunge. As at December 31, 1992, costs incurred by the Corporation amount to $5,100,000.

PRINCE RUPERT PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Prince Rupert Port Corporation as at December 31, 1992 and the statements of earnings and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, and the letters patent and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

New Westminster, Canada
January 29, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current assets:		
Cash	408,569	152,261
Investments (Note 2)	8,998,623	5,734,831
Accounts receivable (Note 4)	1,159,303	5,191,425
Materials and supplies	238,297	222,003
	10,804,792	11,300,520
Property and equipment (Note 3)	100,693,547	103,075,675
	111,498,339	114,376,195

LIABILITIES	1992	1991
	$	$
Current liabilities:		
Accounts payable and accrued liabilities	337,467	328,174
Payable to Canada (Note 4)		3,545,675
Grants in lieu of municipal taxes	735,139	572,283
Deferred revenues	236,423	222,204
Principal due within one year on loans from Canada	365,597	331,659
	1,674,626	4,999,995
Long-term debt:		
Recoverable contribution from Canada (Note 4)		48,300,000
Loans from Canada (Note 5)	16,181,742	16,547,339
	16,181,742	64,847,339
EQUITY OF CANADA		
Contributed capital (Note 4)	79,611,805	31,311,805
Surplus	14,030,166	13,217,056
	93,641,971	44,528,861
	111,498,339	114,376,195

Commitments (Note 6).
See accompanying notes.

Approved by the Board:

DONALD H. SEIDEL
Chairman of the Board

DOLORES D. MACINTOSH
Vice-Chairman of the Board

PRINCE RUPERT PORT CORPORATION—*Continued*

STATEMENT OF EARNINGS AND SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenue from operations	13,709,376	14,752,698
Expenses:		
Operating and administrative	8,537,093	9,338,810
Depreciation	2,484,172	2,389,763
Grants in lieu of municipal taxes	659,564	582,910
	11,680,829	12,311,483
Earnings from operations	2,028,547	2,441,215
Other earnings (expense):		
Interest	595,447	623,206
Gain on disposal of property and equipment		1,025
Interest expense	(1,730,580)	(1,762,410)
	(1,135,133)	(1,138,179)
Net earnings	893,414	1,303,036
Surplus, beginning of year	13,217,056	12,162,050
	14,110,470	13,465,086
Dividend to Canada	80,304	248,030
Surplus, end of year	14,030,166	13,217,056

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash provided by (used in):		
Operations:		
Net earnings	893,414	1,303,036
Items not involving cash:		
Depreciation	2,484,172	2,389,763
Gain on disposal of property and equipment		(1,025)
Changes in non-cash operating working capital:		
Accounts receivable	4,032,122	(2,963,851)
Materials and supplies	(16,294)	(12,388)
Accounts payable and accrued liabilities	9,293	45,534
Grants in lieu of municipal taxes	162,856	130,886
Deferred revenues	14,219	21,200
	7,579,782	913,155
Financing:		
(Decrease) increase in payable to Canada	(3,545,675)	1,371,105
Decrease in loans from Canada	(331,659)	(300,873)
Dividend to Canada	(80,304)	(248,030)
Decrease in recoverable contribution from Canada	(48,300,000)	
Increase in contributed capital	48,300,000	
	(3,957,638)	822,202
Investment:		
Purchase of property and equipment	(102,044)	(1,440,846)
Proceeds on disposal of property and equipment		1,025
	(102,044)	(1,439,821)
Increase in cash position	3,520,100	295,536
Cash position, beginning of year	5,887,092	5,591,556
Cash position, end of year	9,407,192	5,887,092
Cash position is defined as:		
Cash	408,569	152,261
Investments	8,998,623	5,734,831
Cash position	9,407,192	5,887,092

See accompanying notes.

PRINCE RUPERT PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

LOCAL PORT CORPORATION

The Prince Rupert Port Corporation was established effective June 1, 1984 as a local port corporation pursuant to the *Canada Ports Corporation Act*. The Corporation is exempt from income taxes.

On June 1, 1984, all the assets and liabilities of Canada Ports Corporation relating to the Port of Prince Rupert were transferred to the Corporation at their book value as recorded by Canada Ports Corporation.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Investments:

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(b) Property and equipment:

Property and equipment are recorded at cost. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related property and equipment.

Depreciation is calculated on the straight-line basis on the cost less any grant received, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Assets	Depreciation Rates %
Dredging	5.0
Berthing structures	2.5-10.0
Buildings	5.0-10.0
Roads and surfaces	3.3-10.0
Utilities	5.0-10.0
Machinery and equipment	5.0-100.0
Office furniture and equipment	20.0-33.3

(c) Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) Grants in lieu of municipal taxes:

The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) Employee benefits:

The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years.

2. INVESTMENTS

	1992	1991
	$	$
Amortized cost	8,998,623	5,734,831
Market value	8,993,980	5,742,975

3. PROPERTY AND EQUIPMENT

	1992			1991
	Cost	Accumulated depreciation	Net	Net
	$	$	$	$
Land	64,099,197		64,099,197	64,099,197
Dredging	306,049	40,521	265,528	281,024
Berthing structures	36,041,597	6,664,602	29,376,995	30,679,703
Buildings	3,720,957	1,213,203	2,507,754	2,778,904
Roads and surfaces	6,573,131	3,701,243	2,871,888	3,361,245
Utilities	2,589,383	1,872,968	716,415	876,742
Machinery and equipment	2,393,951	1,672,275	721,676	910,471
Office furniture and equipment	357,320	304,354	52,966	88,389
Construction in progress	81,128		81,128	
	116,162,713	15,469,166	100,693,547	103,075,675

PRINCE RUPERT PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

4. RECOVERABLE CONTRIBUTION FROM CANADA/CONTRIBUTED CAPITAL

As a result of the construction of the infrastructure for the coal terminal facility on Ridley Island in 1983, a $48,300,000 recoverable contribution from Canada became payable to the government of Canada.

In November, 1992, as part of the Ridley Terminals Inc. debt restructuring plan, Treasury Board approved the forgiveness to the Corporation of the $48,300,000 recoverable contribution from Canada. Accordingly, the $48,300,000 was reclassified to contributed capital in 1992. The above decision is expected to be approved by Parliament in 1993.

In addition, effective November 1992, the accounts receivable from Ridley Terminals Inc. and payable to Canada of approximately $5,800,000 respectively, relating to surcharge revenue, were forgiven and thus eliminated from the balance sheet. This adjustment has no impact on the 1992 statement of earnings.

5. LOANS FROM CANADA

	1992	1991
	$	$
Interest-bearing loans at 9.80% to 10.40% repayable in blended annual instalments, maturing in 2010	16,547,339	16,878,998
Less principal included in current liabilities	365,597	331,659
	16,181,742	16,547,339

Principal payment requirements over the next five years are as follows:

	$
1993	366,000
1994	403,000
1995	444,000
1996	490,000
1997	540,000
	2,243,000

6. COMMITMENTS

(a) The Corporation rents its premises under a long-term operating lease which expires April 30, 1994. The future rent payable to the expiry date is as follows:

	$
1993	81,264
1994	27,088

(b) At December 31, 1992, the Corporation was committed to acquire a terminal facility for approximately $1,000,000.

7. RELATED PARTY TRANSACTIONS

(a) During the year, the Corporation recognized lease revenue of $1,939,560 (1991—$1,810,830) from Ridley Terminals Inc., a company which is a wholly-owned subsidiary of Canada Ports Corporation. At December 31, 1992, accounts receivable included $161,014 (1991—$3,942,465) from Ridley Terminals Inc.

(b) During the year, the Corporation paid $688,968 (1991—$560,668) to Canada Ports Corporation as its share of that Corporation's head office expense. At December 31, 1992, accounts payable included $22,608 (1991—accounts receivable of $40,124) to Canada Ports Corporation.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

QUEENS QUAY WEST LAND CORPORATION

AUDITORS' REPORT

TO THE MINISTER OF PUBLIC WORKS

We have audited the consolidated balance sheet of Queens Quay West Land Corporation (formerly Harbourfront Corporation) as at March 31, 1993 and the consolidated statements of operations, contributed capital and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation and its wholly-owned subsidiaries that have come to our notice during our audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and by-laws of the Corporation and its wholly-owned subsidiaries and the management agreement dated June 13, 1980, as amended and renewed from time to time, and expiring March 31, 1994.

Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
June 1, 1993

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 1, 1993

CONSOLIDATED BALANCE SHEET MARCH 31, 1993
(with comparative figures for 1992)

ASSETS	1993	1992
	$	$
Current assets		
Cash and short-term investments	565,308	1,898,486
Receivable from Canada (Note 5)	152,092	150,981
Receivable from developers	150,000	2,945,148
Other receivables and assets	974,847	1,344,083
	1,842,247	6,338,698
Non-current assets		
Receivable from developers	12,935,879	11,775,926
Deferred development costs (Note 6)	8,743,051	5,744,878
Capital assets (Note 7)	83,619	143,510
	21,762,549	17,664,314
	23,604,796	24,003,012

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)	1993	1992
	$	$
Current liabilities		
Accounts payable and accrued liabilities	7,045,164	3,396,358
Loans from Canada (Note 8)	25,100,000	14,700,000
SHAREHOLDER'S EQUITY (DEFICIENCY)		
Share capital (Note 9)	1	1
Contributed capital	6,755,151	18,886,579
Deficit	(15,295,520)	(12,979,926)
	(8,540,368)	5,906,654
Contingencies (Note 3)		
	23,604,796	24,003,012

See accompanying notes to consolidated financial statements.

On behalf of the Board:

WILLIAM J. McALEER
Director

W. DARCY McKEOUGH
Director

QUEENS QUAY WEST LAND CORPORATION—*Continued*

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 1993
(with comparative figures for 1992)

	1993	1992
	$	$
Revenues:		
Commercial and other income	1,911,804	2,139,719
Parking income	2,220,946	2,347,996
Interest on receivables from developers	143,384	1,350,239
Other interest	89,654	229,368
	4,365,788	6,067,322
Expenses:		
Commercial management	2,960,346	3,239,019
Corporate administration	501,985	588,905
Provision for receivable from developers	1,478,579	
Interest on loans from Canada	1,740,472	848,893
	6,681,382	4,676,817
Net profit (loss) for the year	(2,315,594)	1,390,505

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CONTRIBUTED CAPITAL AND DEFICIT
YEAR ENDED MARCH 31, 1993
(with comparative figures for 1992)

	1993	1992
	$	$
Contributed capital:		
Balance, beginning of year	18,886,579	29,429,663
Period development and other public infrastructure costs	(231,428)	(443,084)
Payments to City of Toronto	(2,600,000)	
Contribution to Harbourfront Centre (Note 2):		
Operating	(8,800,000)	(8,800,000)
Capital	(500,000)	(1,300,000)
Balance, end of year	6,755,151	18,886,579
Deficit:		
Balance, beginning of year	(12,979,926)	(14,370,431)
Net profit (loss) for the year	(2,315,594)	1,390,505
Balance, end of year	(15,295,520)	(12,979,926)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED MARCH 31, 1993
(with comparative figures for 1992)

	1993	1992
	$	$
Operating:		
Net profit (loss) for the year	(2,315,594)	1,390,505
Amortization	59,891	59,736
	(2,255,703)	1,450,241
Other receivables and assets	369,236	(537,489)
Receivable from Canada for costs of reorganization		616,932
Accounts payable and accrued liabilities	3,648,806	(145,691)
Interest receivable on the Queens Quay West Land Corporation Capital Account	24,569	(9,672)
	1,786,908	1,374,321
Investing:		
Investment in capital assets		(17,193)
Queens Quay West Land Corporation Capital Account:		
Deposits	(300,000)	(124,320)
Withdrawals	274,320	38,029
	(25,680)	(103,484)
Financing:		
Loans from Canada	10,400,000	12,500,000
	10,400,000	12,500,000
Contributed capital:		
Period development and other public infrastructure costs	(231,428)	(443,084)
Payments to City of Toronto	(2,600,000)	
Contribution to Harbourfront Centre	(9,300,000)	(10,100,000)
Deferred development costs	(2,998,173)	(1,649,004)
Receivable from developers	1,635,195	(1,350,239)
	(13,494,406)	(13,542,327)
Increase (decrease) in cash	(1,333,178)	228,510
Cash and short-term deposits, beginning of year	1,898,486	1,669,976
Cash and short-term deposits, end of year	565,308	1,898,486

See accompanying notes to consolidated financial statements.

QUEENS QUAY WEST LAND CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993

1. The Corporation:

Queens Quay West Land Corporation (formerly Harbourfront Corporation) continued under the *Canada Business Corporations Act* December 21, 1984, is a parent Crown corporation listed under Part I of Schedule III to the *Financial Administration Act*. The share capital of the Corporation is held by Her Majesty the Queen in Right of Canada ("Canada") as represented by the Minister of Public Works. Legislation dealing with the sale of the Corporation's assets and the subsequent dissolution of the Corporation, received royal assent in November 1991. The Corporation is exempt from corporate income tax.

Agreements with Canada permit the sale by the Corporation of certain remaining real estate assets with the proceeds to be used to assist the Corporation in discharging its obligations. The Corporation has received significant financial support from Canada and continues to be dependent on Canada to ensure that the Corporation's obligations and commitments are met as they come due.

In addition to the related party transactions disclosed elsewhere in these consolidated financial statements, the Corporation enters into transactions with Canada and other Crown corporations in the normal course of business.

2. Reorganization of the Corporation:

The Corporation owns and operates, or operates on behalf of Canada, the Harbourfront site (the "Site") which totals approximately 100 acres and occupies a central position on the Toronto waterfront. The Corporation operates under a Management Agreement with Canada dated June 13, 1980, as amended and renewed from time to time, and expiring March 31, 1994. Title to the lands which comprise the Site is held by Canada with the exception of parkland and public infrastructure conveyed to municipal governments and certain lands transferred to the Corporation by Canada.

Following studies by various levels of government and consultation with other interested parties, the Corporation was reorganized as follows:

An independent not-for-profit organization, known as Harbourfront Corporation (1990) ("Harbourfront Centre"), was formed to continue the Corporation's public programming activities on ten acres of the Site. Responsibility for these programming activities and the related net assets were transferred to Harbourfront Centre on January 1, 1991.

A charitable foundation ("Harbourfront Foundation") was formed to manage any funds received from the Corporation and, subsequently, to make ongoing contributions to support the public programming activities of Harbourfront Centre. As an interim measure, the Corporation is making operating and capital contributions to Harbourfront Centre as approved by Canada. During the period January 1, 1991 to March 31, 1993 the Corporation has made contributions to Harbourfront Centre of $21.6 million.

The Corporation's mandate was redefined with its revised responsibilities limited to ensuring the disposition of the Corporation's remaining assets, including its real estate assets, in an orderly fashion and the transfer of any resulting funds after payment of obligations to the Harbourfront Foundation.

3. Development agreements:

In fulfilling its revised mandate, the Corporation has entered into agreements renegotiating certain existing contracts with developers and has negotiated agreements with various levels of government and other parties to provide for the relocation of two contemplated development projects from the south side of Queens Quay West in exchange for rights to certain commercial and residential developments on the north side of Queens Quay West, the conveyance of these south side properties as well as other properties to the City of Toronto ("City") as public space and the allocation of zoning rights to residual parcels for ultimate sale by the Corporation to third parties.

The financial impact of these agreements is significant to the financial position of the Corporation and can be summarized as follows:

Payments relating to side decommissioning, and payments to the City for capital projects and environmental testing required by the agreements have been charged to deferred development costs in the amount of $2,236,545 and against contributed capital in the amount of $2,600,000.

Amounts receivable from developers of $2,495,148 included in current assets as at March 31, 1992 have been reclassified to non current assets based on management's best estimate of the timing of realization of value.

The Corporation is contractually obligated for certain contingent liabilities concerning payments to the City for parks development, road expropriations and other indemnities which are expected to total no more than $20.0 million.

In addition, the following pro forma balance sheet reflects the impact as at March 31, 1993 of charging against contributed capital the costs to the Corporation of the following provisions of the agreements, which are subject to the closing of the land exchanges and conveyances:

The Corporation has agreed to forgive receivables due from developers in the amount of $2,862,039 and transfer its two subsidiaries with a total carrying value of $434,749 as part of the consideration for obtaining the developers' agreement to relinquish their interests in certain properties on the south side of Queens Quay West in exchange for rights to certain commercial and residential developments on the north side of Queens Quay West.

The Corporation has agreed to convey most of the Site to third parties and accordingly deferred development costs in the amount of $8,118,158 are charged against contributed capital.

The Corporation has agreed to fund the cost of certain capital works and to make other payments of $3,897,000.

QUEENS QUAY WEST LAND CORPORATION—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

PRO FORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 1993

ASSETS	1993
	$
Current assets	
Cash and short-term investments	565,308
Receivable from Canada	152,092
Receivable from developers	150,000
Other receivables and assets	540,098
	1,407,498
Non-current assets	
Receivable from developers	10,073,840
Deferred development costs	624,893
Capital assets	83,619
	10,782,352
	12,189,850

LIABILITIES AND SHAREHOLDER'S DEFICIENCY	1993
	$
Current liabilities	
Accounts payable and accrued liabilities	10,942,164
Loans from Canada	25,100,000
SHAREHOLDER'S DEFICIENCY	
Share capital	1
Deficiency in contributed capital (Note (i))	(8,556,795)
Deficit	(15,295,520)
	(23,852,314)
Pro forma contingencies (Note (ii))	
	12,189,850

(i) Deficiency in contributed capital:

The deficiency in contributed capital is to be eliminated by the infusion of further capital or transferred to the Corporation's reported deficit.

(ii) Pro forma contingencies:

Once the land exchanges and conveyances have closed the Corporation will be contractually obligated for certain additional contingent liabilities concerning capital projects and other indemnities. The Corporation has estimated that payments made pursuant to these additional contingent liabilities are expected to total no more than $1.7 million.

A provision of $1,478,579 has been recorded in the Statement of Operations for the year ended March 31, 1993 for receivable from developers where collection is presently not determinable.

Negotiations continue with a developer related to the remaining proposed land exchange. In the event that the Corporation's proposals are ultimately agreed to, receivables from the developer of $10,073,840 will be forgiven by the Corporation and charged against contributed capital. The outcome of these negotiations is uncertain and will be reflected in the financial statements when finalized.

4. Accounting policies:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies of the Corporation are as follows:

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation and its subsidiaries.

(b) Revenue recognition:

Revenues from commercial activities are recognized as the related services are provided.

(c) Development proceeds and costs:

All development proceeds and costs directly attributable to a project are deferred until approval of the related development agreement is received from Canada or the project is transferred to a third party, at which time, the proceeds are recorded, net of related development costs, as contributed capital. Development costs not attributable to a particular project are charged to contributed capital as incurred.

(d) Parkland and public infrastructure:

Costs related to parkland and public infrastructure expected to be conveyed are deferred and charged to contributed capital when title is passed to the appropriate local or regional governments. All other public infrastructure costs are charged to contributed capital as incurred.

(e) Contributions to Harbourfront Centre:

Operating and capital contributions to Harbourfront Centre, made at the request of Canada in its capacity as shareholder, are charged to contributed capital.

(f) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the estimated useful life of each asset. Transfers of land to the Corporation from Canada, required to facilitate certain development agreements, are recorded at a nominal cost.

5. Receivable from Canada:

	1993	1992
	$	$
Deposit in the Corporation's Capital Account	150,000	124,320
Interest receivable on the Corporation's Capital Account	2,092	26,661
	152,092	150,981

QUEENS QUAY WEST LAND CORPORATION—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

6. Deferred development costs:

	1993	1992
	$	$
Deferred costs of projects under development	555,441	555,441
Deferred costs of parkland and public infrastructure	8,187,610	5,189,437
	8,743,051	5,744,878

7. Capital assets:

	1993	1992
	$	$
Land and buildings	1	1
Equipment	649,165	649,165
	649,166	649,166
Less: accumulated amortization	565,547	505,656
	83,619	143,510

8. Loans from Canada:

Date of loan	Interest rate	Maturity	1993	1992
	%		$	$
January 10, 1991	10.46	January 10, 1996	2,200,000	2,200,000
April 3, 1991	9.49	April 3, 1996	1,500,000	1,500,000
April 29, 1991	9.45	April 29, 1996	2,200,000	2,200,000
July 23, 1991	9.92	January 23, 1996	2,200,000	2,200,000
October 15, 1991	8.50	April 15, 1995	1,000,000	1,000,000
October 31, 1991	8.07	October 31, 1995	1,500,000	1,500,000
January 9, 1992	7.16	July 9, 1995	2,200,000	2,200,000
March 3, 1992	8.08	March 3, 1995	1,900,000	1,900,000
April 14, 1992	8.03	April 14, 1995	2,200,000	
July 8, 1992	6.14	July 8, 1995	2,200,000	
July 13, 1992	6.15	July 13, 1995	600,000	
October 9, 1992	7.10	October 9, 1995	2,200,000	
November 26, 1992	7.30	November 26, 1995	1,000,000	
January 19, 1993	7.25	January 19, 1996	2,200,000	
			25,100,000	14,700,000

The Corporation may borrow within approved limits from the Consolidated Revenue Fund to fund its operations and its financial contributions to Harbourfront Centre. Loans bear interest, payable semi-annually, at the Consolidated Revenue Fund lending rate established by the Minister of Finance at the time the funds are drawn. Borrowings are for terms not to exceed five years. Upon the disposition of any real property, the Corporation must, within fourteen days, use the net proceeds realized to repay the loans to the extent possible. Each loan is secured by a debenture of the Corporation in favour of the Receiver General for Canada. The Corporation may prepay the loan principal at any time without penalty upon fourteen days' prior notice.

Interest accrued to March 31, 1993 in the amount of $632,137 (1992—$383,588) is included in accounts payable and accrued liabilities.

9. Share capital:

The authorized share capital of the Corporation consists of 500,000 (1992—500,000) common shares without par value of which 215,500 (1992—215,500) shares are issued and fully paid for consideration of $1 (1992—$1).

10. Litigation:

The Corporation is a defendant in a number of legal actions and, in a number of instances, has instituted counterclaims. In the opinion of management, these actions will not have a material adverse effect on the financial position of the Corporation.

11. Cumulative contributions by Canada:

The following unaudited information has been supplied by the Department of Public Works:

	Fiscal 1972 to 1980	Fiscal 1981 to 1993	Total
	(in millions of dollars)		
Land acquisition	54.4		54.4
Operating and capital expenditures	21.5	7.2	28.7
Operating contributions		8.5	8.5
Development and land acquisition contributions		51.3	51.3
	75.9	67.0	142.9

Amounts contributed subsequent to fiscal 1980 represent expenditures pursuant to the Management Agreement between the Corporation and Canada. No contributions were made by Canada during fiscal 1992 and 1993.

ROYAL CANADIAN MINT

MANAGEMENT REPORT

The financial statements contained in this annual report have been prepared by Management in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards, and the integrity and objectivity of the data in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements.

In support of its responsibility, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the *Royal Canadian Mint Act* and by-laws of the corporation.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee which includes a majority of members who are not officers of the corporation. The Committee meets with Management, internal audit staff and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister responsible for the Royal Canadian Mint.

M. A. J. Lafontaine
President and Master of the Mint

J. E. Uberig
Vice-President, Administration and Finance

AUDITOR'S REPORT

TO THE MINISTER OF SUPPLY AND SERVICES

I have audited the balance sheet of the Royal Canadian Mint as at December 31, 1992 and the statements of operations and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada, conforming with International Auditing Guidelines. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles in Canada, conforming with International Accounting Standards. As required by the *Financial Administration Act,* I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Royal Canadian Mint Act* and by-laws of the corporation.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 23, 1993

ROYAL CANADIAN MINT—*Continued*

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash and short-term investments	13,412	13,380
Accounts receivable	14,896	6,930
Prepaid expenses	425	1,460
Inventories (Note 3)	28,308	30,510
	57,041	52,280
Property, plant and equipment (Note 4)	45,641	47,480
	102,682	99,760

LIABILITIES	1992	1991
Current		
Accounts payable	15,627	13,982
Current portion of loans from Canada (Note 5)	2,673	2,673
Deferred revenues	4,455	8,816
	22,755	25,471
Long-term		
Loans from Canada (Note 5)	5,521	8,194
Provision for employee termination benefits	6,068	6,065
	11,589	14,259
SHAREHOLDER'S EQUITY		
Share capital (authorized and issued, 4,000 non-transferable shares)	40,000	40,000
Retained earnings	28,338	20,030
	68,338	60,030
	102,682	99,760

Approved by Management:

M. A. J. LAFONTAINE
President and Master of the Mint

J. E. UBERIG
Vice-President, Administration and Finance

Approved by the Board of Directors:

J. C. CORKERY
Chairman

ROYAL CANADIAN MINT—*Continued*

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues	377,002	296,721
Cost of goods sold	330,658	265,294
Gross Profit	46,344	31,427
Other expenses		
Marketing	24,469	17,618
Administration	9,766	9,511
Depreciation	3,032	3,142
	37,267	30,271
Income from operations	9,077	1,156
Interest income	969	1,523
Interest expense on loans from Canada	(953)	(1,240)
Income before income tax	9,093	1,439
Income tax (Note 6)	135	133
Net income	8,958	1,306
Retained earnings, beginning of year	20,030	25,024
Dividend	(650)	(6,300)
Retained earnings, end of year	28,338	20,030

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Operating activities		
Net income	8,958	1,306
Item not affecting funds:		
Depreciation	3,032	3,142
	11,990	4,448
Net change in non-cash working capital	(7,445)	2,245
Increase (decrease) in provision for employee termination benefits	3	(39)
	4,548	6,654
Investing activities		
Additions to property, plant and equipment	(1,193)	(1,495)
Financing activities		
Repayment of loans from Canada	(2,673)	(2,673)
Dividend	(650)	(6,300)
	(3,323)	(8,973)
Increase (decrease) in cash	32	(3,814)
Cash and short-term investments, beginning of year	13,380	17,194
Cash and short-term investments, end of year	13,412	13,380

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and objectives

The Mint was incorporated in 1969 by the *Royal Canadian Mint Act* and is an agent of Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. The objectives of the Mint are to mint coins in anticipation of profit and to carry out other related activities.

The Mint may borrow money from the Consolidated Revenue Fund or any other source, subject to the approval of the Minister of Finance with respect to the time and the terms and conditions, but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed $50 million.

2. Significant accounting policies

(a) *Inventories*

Raw materials and supplies are valued at the lower of cost and replacement cost, cost being determined by the average cost method. Work in process and finished goods are valued at the lower of cost and net realizable value, cost being determined by the average cost method.

(b) *Property, plant and equipment*

Property, plant and equipment are recorded at cost and depreciated under the straight-line method at the following annual rates:

Land improvements	21/2%
Buildings	21/2%
Equipment	10%

(c) *Deferred revenues*

Payments received in advance on sales are not recognized as revenue until the products are shipped.

(d) *Employee termination benefits*

Employees are entitled to specific termination benefits as provided under their collective agreement and terms of employment. The liability for these benefits is charged to income as benefits accrue to the employees.

(e) *Pension plan*

Employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. The corporation's contributions to the Plan are limited to an amount equal to the employees' contributions on account of current services and are charged to operations on a current basis. The corporation is not required under the *Public Service Superannuation Act* and the *Supplementary Retirement Benefits Act* to make contributions with respect to actuarial deficiencies and charges for indexation payments.

3. Inventories

	1992	1991
	(in thousands of dollars)	
Raw materials	13,762	18,887
Work in process	5,220	4,475
Finished goods	5,620	4,630
Supplies	3,706	2,518
	28,308	30,510

ROYAL CANADIAN MINT—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

In order to facilitate the production of precious metal coins, the Mint borrows the quantity of gold, platinum and silver required and pays interest based on the value of these metals established on the commodity markets. As at December 31, 1992, 516,758 ounces of gold and 20,913 ounces of platinum were borrowed and are not reflected in these statements.

4. Property, plant and equipment

	1992			1991
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	3,226		3,226	3,226
Land improvements	914	599	315	329
Buildings	43,953	11,610	32,343	33,267
Equipment	32,962	23,205	9,757	10,658
	81,055	35,414	45,641	47,480

5. Loans from Canada

These loans bear interest at various annual rates ranging from 8.25% to 12.00% and are repayable in annual instalments of $2,673,065 until 1995, $76,115 in 1996 and 1997 and $22,265 in 1998.

6. Income tax

The corporation's 1992 income tax relates solely to the large coporations tax. The corporation's expected income tax rate is the net federal statutory rate (including surtax) of 38.8% less the manufacturing and processing deduction of 5%. The 1992 and 1991 effective tax rate is zero, exclusive of the large corporations tax, due to the utilization by the corporation of differences between the tax and accounting values of the assets at the date it became subject to income tax. The differences, which are available to reduce future years' taxable income, amount to approximately $35.0 million (1991—$44.2 million), of which $1.0 million will expire in 1998. The corporation is not subject to provincial income taxes.

7. Related party transactions

Transactions with the Department of Finance related to the borrowing, refining and purchasing of gold were conducted in the normal course of business, under the same terms and conditions that apply to unrelated parties. Transactions with the Department of Finance related to the production and delivery of Canadian circulation coins are generally carried out on a cost plus basis.

8. Contingency

In 1992, the Mint established an arrangement with the Department of Finance to provide holders of Canadian numismatic coins with a facility to exchange them at their face value. Losses under this arrangement will be determined by the difference between the face value of coins received by the Mint and the net value of metals recovered and will be shared equally between the Mint and the Department of Finance. Due to the uncertainty regarding the number of coins that will be submitted under this exchange agreement, the Mint cannot at this time determine its exposure to loss. To December 31, 1992, the loss is not significant. Future losses, if any, will be accounted for in the year the coins are received.

9. Privatization under review

The Government announced in its February 1992 budget its intention to conduct a review to determine whether it is appropriate and practical to privatize the corporation. The review is currently underway.

10. Comparative figures

Certain comparative figures of the 1991 financial statements have been reclassified to conform to the presentation adopted in 1992.

SAINT JOHN PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of the Saint John Port Corporation as at December 31, 1992 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the by-laws of the Corporation.

Ernst & Young
Chartered Accountants

Saint John, Canada
January 29, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991
Current		
Cash	54	62
Investments (Note 3)	4,129	4,016
Accounts receivable	1,085	1,300
Materials and supplies	18	26
	5,286	5,404
Long-term		
Long-term investments (Note 3)	969	1,490
Fixed assets (Note 4)	82,195	82,282
	83,164	83,772
	88,450	89,176

LIABILITIES	1992	1991
Current		
Accounts payable and accrued charges	1,780	1,909
Deferred revenues	345	331
Grants in lieu of municipal taxes	69	120
Current portion of deferred interest contribution		713
	2,194	3,073
Long-term		
Loans from Canada (Note 5)	20,052	20,052
Financing provided by a province (Note 6)	19,696	19,696
Accrued employee benefits	564	570
	40,312	40,318
	42,506	43,391
EQUITY OF CANADA		
Contributed capital	44,462	44,462
Retained earnings	1,482	1,323
	45,944	45,785
	88,450	89,176

See accompanying notes.

On behalf of the Board:

HARRY P. GAUNCE
Chairman of the Board

KENNETH R. KRAUTER
General Manager and Chief Executive Officer

SAINT JOHN PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Revenues from operations	11,459	11,312
Expenses		
Operating and administrative	6,720	7,122
Depreciation	2,721	2,336
Grants in lieu of municipal taxes	657	731
Loss on disposal of fixed assets	132	508
	10,230	10,697
Income from operations	1,229	615
Investment income	535	1,102
Interest expense (Note 7)	(1,605)	(1,607)
Net income	159	110
Retained earnings, beginning of year	1,323	1,213
Retained earnings, end of year	1,482	1,323

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991
Cash provided by (used in)		
Operations		
Net income	159	110
Add items not requiring a cash payment		
Depreciation	2,721	2,336
Loss on disposal of fixed assets	132	508
Other	(6)	86
	3,006	3,040
Net change in non-cash working capital balances (Note 8)	(656)	(2,442)
	2,350	598
Financing		
Capital grants	500	500
Deferred interest contribution		(708)
	500	(208)
Investing		
Additions to fixed assets	(3,277)	(9,123)
Long-term investments	521	(525)
Proceeds on disposal of fixed assets	11	
	(2,745)	(9,648)
Increase (decrease) in cash	105	(9,258)
Cash position, beginning of year	4,078	13,336
Cash position, end of year	4,183	4,078

Cash position consists of cash, short-term investments and bank indebtedness.
See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. CANADA PORTS CORPORATION AND INCORPORATION

In accordance with the *Canada Ports Corporation Act*, a petition for the establishment of a local port corporation at the Port of Saint John was approved and the Saint John Port Corporation was incorporated under the laws of Canada effective at the closing of business on December 31, 1986 and commenced operations January 1, 1987.

In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred to the Saint John Port Corporation at their carrying values in the accounts of the Canada Ports Corporation—Port of Saint John.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments:

The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

Fixed assets:

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational using rates as follows:

Assets	Depreciation Rates %
Dredging	2.5-6.7
Berthing structures	2.5-10.0
Buildings	2.5-10.0
Utilities	3.3-10.0
Roads and surfaces	2.5-10.0
Machinery and equipment	5.0-100.0
Office furniture and equipment	20.0

Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

Grants in lieu of municipal taxes:

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee benefits:

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

SAINT JOHN PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

3. INVESTMENTS

Investments are direct and guaranteed securities of Canada as follows:

	1992		1991	
	Amortized cost	Face value	Amortized cost	Face value
	(in thousands of dollars)			
Canada Treasury Bills	4,129	4,181	4,016	4,058
Canada Bonds	969	1,000	1,490	1,520

4. FIXED ASSETS

	1992			1991
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	31,704		31,704	30,679
Dredging	2,115	1,558	557	431
Berthing structures	64,874	33,245	31,629	32,664
Buildings	16,923	6,267	10,656	5,747
Utilities	8,538	4,602	3,936	3,683
Roads and surfaces	7,079	4,808	2,271	728
Machinery and equipment	1,012	612	400	280
Office furniture and equipment	1,326	1,157	169	234
Work under construction	873		873	7,836
	134,444	52,249	82,195	82,282

5. LOANS FROM CANADA

	1992	1991
	(in thousands of dollars)	
Term loans bearing interest at 11.0% to 12.43% maturing between December 31, 1998 and 2005	20,052	20,052

6. FINANCING PROVIDED BY A PROVINCE

The Province of New Brunswick advanced $25,000,000 to partially finance the construction of Rodney Terminal Complex, Saint John. The province will receive annual principal payments equal to approximately 47% of the net operating income of the terminal until the non-interest bearing advance is repaid. The cost of major repairs has been included in calculating the net operating income of the terminal and the current portion payable as at December 31, 1992 has been calculated accordingly. The Province is disputing this accounting treatment. Had net operating income not been reduced by the cost of these major repairs, the current portion payable would be approximately $734,000.

7. DEFERRED INTEREST CONTRIBUTION

During 1990 the Federal Government advanced the Corporation $2,000,000 to offset interest payments in 1990, 1991 and 1992 on the $6,665,000 debt owed to the Federal Government with respect to Rodney Terminal.

The original amount of the advance plus the interest earned ($286,000) will be available to fund interest payments required over the three year period. The deferred interest credit was absorbed on a straight-line basis over the period. Interest expense for 1992 was reduced by approximately $757,000 as a result of the application of the deferred credit.

8. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	1992	1991
	(in thousands of dollars)	
Decrease (increase) in current assets		
Accounts receivable	215	(118)
Materials and supplies	8	2
	223	(116)
Increase (decrease) in current liabilities		
Accounts payable and accrued charges	(129)	149
Deferred revenues	14	(190)
Grants in lieu of municipal taxes	(51)	80
Due to Canada		(2,455)
Current portion of deferred interest contribution	(713)	90
	(879)	(2,326)
	(656)	(2,442)

9. RELATED PARTY TRANSACTIONS

During the year the Corporation paid $822,000 (1991—$841,000) to Canada Ports Corporation as its share of that Corporation's head office expense.

ST. JOHN'S PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of St. John's Port Corporation as at December 31, 1992 and the statements of earnings and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the bylaws of the Corporation.

Doane Raymond
Chartered Accountants

St. John's, Canada
February 2, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash	118,071	31,951
Investments (Note 3)	1,970,283	3,250,658
Accounts receivable	717,783	511,738
	2,806,137	3,794,347
Fixed (Note 4)	14,113,623	14,029,662
	16,919,760	17,824,009

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	229,346	240,674
Grants in lieu of municipal taxes	234,194	139,037
Deferred revenues	377,123	361,210
Current portion of loans from Canada	97,060	264,689
	937,723	1,005,610
Accrued employee benefits	114,899	153,675
Loan from Canada (Note 5)	986,242	2,406,106
	2,038,864	3,565,391
EQUITY OF CANADA		
Contributed capital	10,131,636	10,131,636
Surplus	4,749,260	4,126,982
	14,880,896	14,258,618
	16,919,760	17,824,009

Contingencies (Note 6).
See accompanying notes.

On behalf of the Board:

FRED M. MILLEY
Chairman of the Board

DAVID J. FOX
Port Manager and Chief Executive Officer

ST. JOHN'S PORT CORPORATION—*Continued*

STATEMENTS OF EARNINGS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenue from operations	3,495,532	3,428,662
Operating and administrative expenses	1,886,029	1,703,617
Depreciation	892,957	828,692
Grants in lieu of municipal taxes	82,839	91,933
	2,861,825	2,624,242
Earnings from operations	633,707	804,420
Investment income	226,941	298,885
Interest expense	(206,058)	(280,185)
Net earnings	654,590	823,120
Surplus, beginning of year	4,126,982	3,327,614
Net earnings	654,590	823,120
Dividend to Canada	(32,312)	(23,752)
Surplus, end of year	4,749,260	4,126,982

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash derived from (applied to)		
Operating		
Net earnings	654,590	823,120
Depreciation	892,957	828,692
Other non-cash items	(38,776)	32,515
	1,508,771	1,684,327
Changes in non-cash operating working capital (Note 7)	(219,918)	254,868
	1,288,853	1,939,195
Financing		
Change in construction payables	(54,014)	(169,848)
Loans from Canada	(1,419,864)	(264,689)
	(1,473,878)	(434,537)
Investing		
Proceeds on disposals of fixed assets	16,091	1,068
Purchase of fixed assets	(993,009)	(724,546)
	(976,918)	(723,478)
Dividend to Canada	(32,312)	(23,752)
Net increase (decrease) in cash	(1,194,255)	757,428
Cash and short-term investments		
Beginning of year	3,282,609	2,525,181
End of year	2,088,354	3,282,609

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. LOCAL PORT CORPORATION

In accordance with the *Canada Ports Corporation Act*, a petition for the establishment of a local port corporation at the Port of St. John's was approved and the St. John's Port Corporation was established effective June 1, 1985.

In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation—Port of St. John's to the St. John's Port Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments:

The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

Fixed assets:

Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.

Depreciation:

Depreciation is recorded on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates as follows:

Assets	Depreciation Rates %
Berthing structures	2.5 - 10.0
Buildings	2.5 - 10.0
Utilities	3.3 - 10.0
Roads and surfaces	2.5 - 10.0
Machinery and equipment	5.0 - 100.0
Office furniture and equipment	20.0

Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Grants in lieu of municipal taxes:

The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

ST. JOHN'S PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

Empoyee benefits:

The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years in accordance with its policy.

3. INVESTMENTS

	1992		1991	
	Amortized cost	Face amount	Amortized cost	Face amount
	$	$	$	$
Short-term	1,970,283	2,006,600	3,250,658	3,328,900

4. FIXED ASSETS

	1992			1991
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$$
Land	4,735,248		4,735,248	4,735,248
Berthing structures	10,926,843	6,392,477	4,534,366	4,015,247
Buildings	1,914,247	1,413,442	500,805	545,026
Utilities	3,343,767	1,243,740	2,100,027	2,239,938
Roads and surfaces	4,019,840	2,020,208	1,999,632	2,208,653
Machinery and equipment	310,314	137,394	172,920	176,327
Office furniture and equipment	250,456	185,265	65,191	74,833
Projects under construction	5,434		5,434	34,390
	25,506,149	11,392,526	14,113,623	14,029,662

5. LOAN FROM CANADA

	1992	1991
	$	$
Term loan, bearing interest at 9.33%, maturing December 31, 2000, repayable in equal annual instalments of principal and interest of $198,131	1,083,302	2,670,795
Less: Current portion	97,060	264,689
	986,242	2,406,106

The loan from Canada is unsecured.

Annual principal repayments in each of the next five years are as follows:

	$
1993	97,060
1994	106,115
1995	116,015
1996	126,840
1997	138,675

6. CONTINGENT LIABILITIES

Claims aggregating approximately $364,000 arising from alleged damages suffered on the Corporation's property have been received by the Corporation. The Corporation is a third party defendant, and has denied any liability, and no material loss is anticipated.

7. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	1992	1991
	$	$
Accounts receivable	(206,045)	17,249
Due from Canada		66,000
Accouts payable and accrued liabilities	42,686	33,029
Grants in lieu of municipal taxes	95,157	91,933
Deferred revenues	15,913	23,299
Current portion of loan from Canada	(167,629)	23,358
	(219,918)	254,868

8. RELATED PARTY TRANSACTIONS

During the year the Corporation paid $248,746 (1991—$233,238) to Canada Ports Corporation as its share of that Corporation's head office expense.

THE ST. LAWRENCE SEAWAY AUTHORITY

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The St. Lawrence Seaway Authority as at March 31, 1993 and the statements of operations, deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Authority that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *St. Lawrence Seaway Authority Act* and the by-laws of the Authority.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 28, 1993

BALANCE SHEET AS AT MARCH 31, 1993
(in thousands of dollars)

ASSETS	1993	1992
Current		
Cash and term deposits	19,828	23,006
Accounts receivable	16,580	9,118
Accrued interest receivable	1,299	1,277
Supplies inventory	2,389	2,847
	40,096	36,248
Long-term		
Investments (Note 3)	29,086	32,053
Mortgages and other receivables (Note 4)	196	46
Investment in wholly-owned Crown Corporations (Note 5)	10	10
Capital assets (Notes 6 and 7)	523,708	531,742
	593,096	600,099

LIABILITIES	1993	1992
Current		
Accounts payable and accrued liabilities	17,085	16,790
Large corporations tax payable (Note 9)	4,957	3,459
	22,042	20,249
Long-term		
Accrued employee termination benefits (Note 3)	12,975	12,900
	35,017	33,149
Commitments and contingencies (Notes 10 and 11)		
Major restoration of the Seaway (Note 12)		
EQUITY OF CANADA		
Contributed capital (Note 8)	624,950	624,950
Deficit	(66,871)	(58,000)
	558,079	566,950
	593,096	600,099

Approved:

G.R. STEWART
President

C. LEMELIN
Comptroller and Treasurer

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993					1992
	Montreal-Lake Ontario Section	Welland Section	Total Seaway	Thousand Islands Bridge	Total	Total
Revenues						
Tolls	25,843	30,382	56,225		56,225	58,018
Leases and licenses	852	3,508	4,360	1,014	5,374	5,023
Others	3,146	1,288	4,434	1,236	5,670	4,745
	29,841	35,178	65,019	2,250	67,269	67,786
Expenses						
Operating	6,689	10,674	17,363		17,363	18,195
Maintenance	12,823	15,176	27,999	320	28,319	25,505
Administration	4,415	4,642	9,057	63	9,120	10,836
Headquarters	4,445	5,675	10,120	71	10,191	10,706
Amortization	6,132	6,532	12,664	220	12,884	10,942
Employee termination benefits	651	893	1,544		1,544	1,150
	35,155	43,592	78,747	674	79,421	77,334
Income (loss) from operations	(5,314)	(8,414)	(13,728)	1,576	(12,152)	(9,548)
Investment income	1,860	2,376	4,236	543	4,779	5,958
Lease price adjustment						5,709
Income (loss) before large corporations tax	(3,454)	(6,038)	(9,492)	2,119	(7,373)	2,119
Large corporations tax	650	830	1,480	18	1,498	1,448
Net income (loss) for the year	(4,104)	(6,868)	(10,972)	2,101	(8,871)	671

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993			1992
	Seaway	Thousand Islands Bridge	Total	Total
Retained earnings (deficit), beginning of the year	(70,607)	12,607	(58,000)	(58,671)
Net income (loss) for the year	(10,972)	2,101	(8,871)	671
Retained earnings (deficit), end of the year	(81,579)	14,708	(66,871)	(58,000)

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993
(in thousands of dollars)

	1993			1992
	Seaway	Thousand Islands Bridge	Total	Total
Cash provided by (used in):				
Operating Activities				
Net income (loss) for the year	(10,972)	2,101	(8,871)	671
Items not requiring cash				
Amortization	12,664	220	12,884	10,942
Provision for termination benefits	1,543		1,543	1,150
Profit on disposal of capital assets	(1,986)		(1,986)	(494)
Net change in working capital components other than cash and term deposits	(3,690)	(1,543)	(5,233)	3,946
Payment of termination benefits	(1,468)		(1,468)	(1,508)
Cash provided by operating activities	(3,909)	778	(3,131)	14,707
Financing Activities				
Funding from Federal Government for				
Valleyfield Bridge Rehabilitation Program	8,429		8,429	
Welland Canal Rehabilitation Program	29,000		29,000	28,700
Cash provided by financing activities	37,429		37,429	28,700
Investing Activities				
(Increase) decrease in long-term receivables	(150)		(150)	24
Transfer of Investments to Short Term	2,967		2,967	4,858
(Increase) in capital assets	(41,839)	(778)	(42,617)	(45,678)
Proceeds from disposal of capital assets	2,324		2,324	567
Cash used in investing activities	(36,698)	(778)	(37,476)	(40,229)
Increase (decrease) in cash	(3,178)		(3,178)	3,178
Cash and term deposits at beginning of year	23,006		23,006	19,828
Cash and term deposits at end of year	19,828		19,828	23,006
Working capital position at end of year				
Current assets	40,096		40,096	36,248
Current liabilities	31,562	(9,520)	22,042	20,249
	8,534	9,520	18,054	15,999

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and objectives

The St. Lawrence Seaway Authority was established in 1954 under the *St. Lawrence Seaway Authority Act* and is classified as a parent Crown corporation under Schedule III Part I of the *Financial Administration Act*.

The Authority was established to construct and operate a deep waterway between the Port of Montreal and Lake Erie together with such works and other property, including bridges incidental to the deep waterway, as deemed necessary by the Governor in Council.

The *St. Lawrence Seaway Authority Act* confers upon the Authority the powers to borrow money and to produce revenue by levying tolls for the use of the deep waterway. The tolls that may be charged shall be fair and reasonable and designed to provide a revenue sufficient to defray the costs to the Authority of its operations in carrying out the purposes for which it is incorporated, which costs shall include:

(a) payments in respect to the interest on amounts borrowed by the Authority to carry out those purposes;

(b) amounts sufficient to amortize the principal of those amounts over a period not exceeding fifty years; and

(c) the cost of the operating and maintaining the canals and works under the administration of the Authority, including all operating costs of the authority and such reserves as may be approved by the Minister.

Under the *St. Lawrence Seaway Authority Act*, tolls may be established by filing with the National Transportation Agency or by agreement between Canada and the United States. This agreement between the two countries is in the form of an exchange of notes in accordance with directions given by the Governor in Council.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

(a) Supplies inventory

Supplies inventory comprises equipment and supplies used in the operation and maintenance of the Seaway and is recorded at cost.

(b) Wholly-owned Crown corporations

The Authority does not have the right and ability to obtain future economic benefits from the resources of two wholly-owned subsidiaries for purposes of the *Financial Administration Act* and the Authority is not exposed to the related risks. The investment in these two corporations, The Jacques Cartier and Champlain Bridges Incorporated and Great Lakes Pilotage Authority, Ltd., is recorded at cost.

The Authority also owns all the shares of The Seaway International Bridge Corporation, Ltd., a subsidiary for purposes of the *Financial Administration Act*. However, this is effectively a joint venture with the Saint Lawrence Seaway Development Corporation since, based on an agreement, earnings after certain initial costs are repaid, will be divided equally. As a result the investment is accounted for using the equity method.

(c) Capital assets

Capital assets are recorded at cost. Replacements and major improvements which increase the capacity of the deep waterway system or extend the estimated useful lives of existing assets are capitalized. Repairs and maintenance are charged to operations as incurred. The cost of assets sold, retired, or abandoned, and the related accumulated amortization are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Amortization is recorded using the straight-line method based on the estimated useful lives of the assets.

(d) Welland Canal and Valleyfield Bridge Rehabilitation Programs

Funding received from the Government of Canada for these programs is accounted for by crediting the amount against the cost of related capital projects undertaken during the year. The non-funded remaining cost, which is to be recovered from the users, is capitalized and amortized.

(e) Employee termination benefits

Employees of the Authority are entitled to specified benefits on termination as provided for under labour contracts and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(f) Pension plan

All employees of the Authority are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Authority. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis.

The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(g) Employee life insurance plan

The Authority provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in revenues and/or expenses in the year in which they are incurred.

(h) Insurance

The Authority assumes substantially all risks in relation to compensation and damages to its locks. For all other assets the Authority carries conventional insurance.

(i) Thousand Islands Bridge

In September 1976, the Minister of Transport entrusted the Authority with the management and operation of the Thousand Islands Bridge, while the real property was vested in the name of Her Majesty in Right of Canada. Subsequent capital expenditures made by the Authority to improve the Bridge have been recorded as capital assets. The retained earnings of the Bridge represent its cumulative earnings since September 1976.

These financial statements have segregated the operations of the Thousand Islands Bridge on the premise that its management and operation by the Authority is independent of Seaway operations.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

(j) Incentive toll program

The Authority offers toll rebates on certain cargoes to promote increased traffic, and thus increase revenues. The rebates are debited to toll revenues earned during the year.

3. Long-term investments

In order to provide for some major capital improvement projects of the St. Lawrence Seaway and for future employee termination benefits, the Authority has set aside the following long-term investments:

	1993	1992
	(in thousands of dollars)	
Capital improvements:		
Government of Canada Bonds, maturing on varying dates up to 1995	6,086	9,053
Par value $6,000 (1992—$9,000)		
Market value $6,336 (1992—$9,205)		
Investment Certificates, maturing March 1994 and March 1995	10,000	10,000
	16,086	19,053
Termination benefits:		
Deposit with Consolidated Revenue Fund, maturing March 1994	13,000	13,000
	29,086	32,053

4. Long-term mortgages and other receivables

The Authority has entered into long-term mortgages and a contractual agreement for the sale of parcels of land. The long-term receivables outstanding at March 31 are as follows:

	1993	1992
	(in thousands of dollars)	
Contractual Agreement		
5 1/2% interest, recoverable in annual instalments of $28,000, maturing in 1995	21	46
Mortgages		
8 to 9% interest, recoverable in monthly payments amortized over terms not exceeding 20 years renewable every 2 and 3 years	175	
	196	46

5. Wholly-owned Crown corporations and related parties transactions

Investments consist of the following:

	Number of shares	Cost
		$
Great Lakes Pilotage Authority, Ltd. (GLPA)	15	1,500
The Jacques Cartier and Champlain Bridges Incorporated (JCCBI)	1	100
The Seaway International Bridge Corporation, Ltd. (SIBC)	8	8,000
		9,600

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Authority enters into transactions with these entities in the normal course of business.

During the year ended March 31, 1993, the Authority provided JCCBI with certain administration services for which it charged $794,000 (1992—$686,280). At March 31, 1993, $66,167 was receivable for these services (1992—$57,190).

Based on agreement, the Authority is entitled to the excess of revenues over expenses of SIBC for the year ended December 31, 1992 as a bridge user charge (1992—$1,717,254; 1991—$1,538,390). This charge is applied towards amortization of the Authority's construction and interest costs related to the North Channel Bridge. At March 31, 1993, $1.4 million (1992—$3.1 million) in construction costs remained unamortized. When this amount is fully paid the subsequent excess of revenues over expenses will be distributed on an equal basis based on an agreement between the Authority and the Saint Lawrence Seaway Development Corporation which established SIBC. It also pays $62,911 (1992—$65,923) for engineering services provided by the Authority.

The Canadian Coast Guard provides the Authority with navigational aids services. The fee paid by the Authority for this service during the year amounted to $600,000 (1992—$595,000).

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Continued*

6. Capital Assets

		1993			1992
	Amortization rate	Cost	Accumulated amortization	Net	Net
		(in thousands of dollars)			
Seaway					
Land		29,547		29,547	29,879
Channels and canals	1%	249,147	81,133	168,014	170,478
Locks	1%	238,188	97,191	140,997	143,304
Bridges and tunnels	2-4%	119,565	53,310	66,255	51,345
Buildings	2%	13,117	7,635	5,482	5,229
Equipment	2-20%	34,424	20,385	14,039	12,337
Remedial works	1%	121,458	28,984	92,474	93,691
Work under construction		1,712		1,712	20,849
		807,158	288,638	518,520	527,112
Thousand Islands Bridge					
Improvements	2-10%	5,850	662	5,188	4,630
		813,008	289,300	523,708	531,742

Subsequent additions to assets are amortized over the remaining estimated useful life of the initial group of assets to which the addition is related. The estimated useful life of these assets is for periods that vary between 2009 and 2083.

Valleyfield Bridge Rehabilitation Program

In 1987, Hydro-Quebec undertook an in-depth inspection of the bridge which led to the Rehabilitation Program for the Valleyfield Bridge. The Authority's share of the Rehabilitation represents 25% of the total cost.

A Treasury Board decision, rendered in 1992, made the Authority responsible for $17.8 million of the cost of work completed at March 31, 1992. All work was completed at March 31, 1993 and the costs to be funded by the Government of Canada amounted to $8.4 million, $3.3 million of which is included in accounts receivable.

7. Welland Canal Rehabilitation Program

In 1985, the Authority engaged consultants to examine in detail, and report on, the structural condition of the Welland Canal system. The report was submitted during 1986 and, as a result, a seven-year $175 million rehabilitation program has been established to refit the Welland Canal and ensure a continued safe and reliable waterway into the 21st century. The program consists of refurbishing of lock walls, stabilizing the canal banks and approach walls, and rehabilitating ancillary structures.

During 1986, the Government of Canada approved funding for the financing of the Welland Canal Rehabilitation Program.The program terminated in 1993 and the federal government funding totalled $175 million, all of which has been spent on the program and has been deducted from related works under construction. At March 31, 1993, an amount of $8 million (1992—$4.4 million) is included in accounts receivable.

8. Contributed capital

As of April 1, 1977, loans from Canada of $624.95 million were converted to equity by parliamentary appropriation. This amount was recorded as contributed capital.

The parliamentary appropriation authorizing the 1977 conversion of loans from Canada to equity also authorized the Minister to fix, from time to time, the amount that shall be paid by the Authority annually out of its toll revenue as a return on capital. No return on capital has been required to be paid for the years ended March 31, 1993 and 1992.

9. Income taxes

The Authority, as a prescribed Federal Crown corporation, is subject to the provisions of the *Income Tax Act*. The Authority is not subject to any provincial income taxes.

Currently, unamortized capital cost for tax purposes is in excess of the net book value of capital assets by approximately $228 million. The tax effect of this excess has not been recorded in the accounts of the Authority. The Authority also has accumulated research and development costs of approximately $4 million which are available to reduce the taxable income of future years.

The Federal Budget of April 1989 included the introduction of a Large Corporation Tax. The tax is levied on taxable capital employed in Canada and is to be applied after June 1989. The Authority has made provision for the estimated amount payable from that date to March 31, 1993.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

10. Commitments

At March 31, 1993, contractual obligations for capital and other expenditures amounted to $1.8 million (1992—$4.1 million). The commitment for the future minimum operating lease payments, required for office space for a term in excess of one year, is as follows:

	(in thousands of dollars)
1993-94	269
1994-95	269
1995-96	179

11. Contingencies

There is a total of $63.5 million in claims instituted against the Authority. These arise from the breakdown of the Valleyfield Bridge in November 1984, the October 1985 Lock 7 wall blow-out, compensation and damages in connection with the expropriation of lands and various other claims. The Authority is contesting all these claims and their outcome cannot be determined at this time although management is of the opinion that these actions will not result in any material losses to the Authority. The Authority is also the claimant in certain other pending or threatened claims and lawsuits.

12. Major Restoration of the Seaway

The amount of funds provided by operating activities and the level of long-term investments for capital improvements will not be sufficient to finance the major restoration projects of the St. Lawrence Seaway in the foreseeable future. The Authority will require outside financing of these projects to ensure the continuous operation of the deep waterway system in a safe and reliable condition.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1993 and the statements of operations, deficit, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 30, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash and short-term investments	2,629,866	4,071,959
Accounts receivable	353,407	228,139
Due from Canada	3,539,013	3,918,257
	6,522,286	8,218,355
Capital assets		
Land	3,682,465	3,562,645
Bridges	73,321,602	73,318,633
Vehicles and equipment	1,000,291	917,012
	78,004,358	77,798,290
Less: accumulated amortization	64,110,494	63,072,845
	13,893,864	14,725,445
	20,416,150	22,943,800

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable	3,066,417	4,873,038
Due to parent company	94,359	62,399
Deferred revenues	169,994	91,402
	3,330,770	5,026,839
Long-term		
Provision for employee termination benefits	411,344	420,177
	3,742,114	5,447,016
Commitments and contingencies (Notes 5 and 6)		
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—50 shares without par value		
Issued and fully paid—1 share	100	100
Contributed capital	33,108,796	32,800,559
Deficit	(16,434,860)	(15,303,875)
	16,674,036	17,496,784
	20,416,150	22,943,800

Approved by the Board:

GLENDON R. STEWART
Director

ROGER J. FORGUES
Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993

	Jacques Cartier Bridge	Champlain Bridge	Total 1993	Total 1992
	$	$	$	$
Revenues				
Interest	122,811	122,811	245,622	349,858
Leases and licenses	188,083	100,812	288,895	332,909
Other	39,463	100,077	139,540	105,689
	350,357	323,700	674,057	788,456
Expenses				
Maintenance (Note 3)	4,354,134	21,957,902	26,312,036	21,915,256
Operation	1,126,027	2,195,739	3,321,766	3,127,561
Administration	771,293	1,395,072	2,166,365	2,229,476
Amortization	86,569	1,053,249	1,139,818	1,120,360
	6,338,023	26,601,962	32,939,985	28,392,653
Loss for the year	5,987,666	26,278,262	32,265,928	27,604,197

STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at beginning of the year	15,303,875	14,113,921
Loss for the year	32,265,928	27,604,197
	47,569,803	41,718,118
Parliamentary appropriation—Operations	31,134,943	26,414,243
Balance at end of the year	16,434,860	15,303,875

STATEMENT OF CONTRIBUTED CAPITAL
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at beginning of the year	32,800,559	32,838,965
Parliamentary appropriation—Capital assets	308,237	(38,406)
Balance at end of the year	33,108,796	32,800,559

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Net loss for the year	(32,265,928)	(27,604,197)
Non-cash items		
Amortization	1,139,818	1,120,360
Decrease in the provision for employee termination benefits	(8,833)	(22,152)
Loss on disposal of land		91,746
	(31,134,943)	(26,414,243)
Changes in non-cash items of working capital	(1,821,337)	909,477
	(32,956,280)	(25,504,766)
Investing activities		
Additions to capital assets	(321,197)	(79,148)
Proceeds from the disposal of capital assets	12,960	117,554
	(308,237)	38,406
Financing activities		
Parliamentary appropriation	31,443,180	26,375,837
Cash and cash equivalents		
Increase (decrease) for the year	(1,821,337)	909,477
Balance at beginning of the year	7,990,216	7,080,739
Balance at end of the year (*)	6,168,879	7,990,216
(*) Cash and short-term investments	2,629,866	4,071,959
Due from Canada	3,539,013	3,918,257
	6,168,879	7,990,216
Working capital position at year-end		
Current assets	6,522,286	8,218,355
Current liabilities	3,330,770	5,026,839
	3,191,516	3,191,516

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Continued*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Continued*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. Authority and activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the *Canada Business Corporations Act* on November 3, 1978 and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, which is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*.

The corporation is dependent on the Government of Canada for its financing.

Effective December 1, 1978, the corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area.

2. Significant accounting policies

(a) Capital assets

Capital assets acquired from the National Harbours Board (now Canada Ports Corporation) on December 1, 1978 were recorded at their then book values with an offset to contributed capital. Subsequent additions are recorded at cost.

Capital assets are amortized over their estimated economic lives using the straight-line method, at the following rates:

Jacques Cartier Bridge	4.8%
Champlain Bridge	2.5%
Vehicles and equipment	10% and 20%

The cost of the portion of the Bonaventure Autoroute for which the corporation is responsible and the initial cost of the Jacques Cartier Bridge are fully amortized.

The cost of major maintenance is charged to operations in the year in which the work is performed.

(b) Parliamentary appropriation

The amount of the parliamentary appropriation used to cover the loss for the year is reflected in the statement of deficit. In this regard, operating expenses do not include amortization and any change in the provision for employee termination benefits.

The portion of the parliamentary appropriation used to finance the acquisition of capital assets, net of proceeds from disposal, is recorded as contributed capital.

Any balance of the parliamentary appropriation required to finance the loss for the year and not received at the year-end is shown as an amount due from Canada. Any parliamentary appropriation received in excess of requirements is recorded as due to Canada. It is the corporation's policy to reimburse this amount in the following fiscal year.

(c) Deferred revenues

Leases and licenses revenues collected in advance are recorded as deferred revenues.

(d) Employee termination benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreements and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

(e) Pension plan

Employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the corporation. Contributions in respect of current service and of admissible past service are expended when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

(f) Expenses

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the corporation is responsible are included with those for the Champlain Bridge.

3. Major maintenance

In its endeavour to keep the bridges and the autoroute in a good state of repair, to protect the public and serve traffic needs throughout the useful life of these installations, the corporation must undertake major repairs, notably on the deck of both bridges. The cost of repairs to the deck of the Champlain bridge is estimated at more than $47 million. As at March 31, 1993, a cumulative amount of $32.7 million has been incurred since the beginning of works ($15 million at March 31, 1992). With regard to the repairs to the Jacques Cartier bridge, the urgency and the nature of the work have yet to be defined; it is therefore not possible at this time to assess the eventual cost of the program which will have to be carried out over a number of years. It is expected that the cost of this program will be funded through parliamentary appropriations.

4. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. The main related party transactions entered into by the Corporation sum up to administrative services received from its parent company for an amount of $849,580 ($734,320 in 1992) and to the acquisition of a land with a value of $119,820.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 1—*Concluded*

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993—*Concluded*

5. Commitments

(a) Leases

The aggregate minimum rental payments under long-term leases for premises and equipment through to April 30, 1997 are approximately $132,000 on an annual basis.

(b) Operation services

The minimum amount which will be paid in future years under an agreement for police services ending on June 30, 1994 is $3 million on an annual basis.

(c) Suppliers

At March 31, 1993, contractual obligations to suppliers amounted to approximately $14 million.

6. Contingencies

In connection with its operations, the corporation is the claimant or defendant in certain pending claims and lawsuits. It is the opinion of management that these actions will not result in any material liabilities to the corporation.

In the course of its major maintenance works on the deck of the Champlain Bridge, the corporation has received claims totalling $8 million. It cannot estimate at this time with sufficient precision whether it might be called upon to pay any amount in connection with those claims. No provision has been recorded.

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

AUDITOR'S REPORT

TO THE MINISTER OF TRANSPORT

I have audited the balance sheet of The Seaway International Bridge Corporation, Ltd. as at December 31, 1992 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *St. Lawrence Seaway Authority Act*, the *Canada Business Corporations Act* and the articles, and by-laws of the Corporation.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 12, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991
	$	$
Current		
Cash and short-term deposits	1,692,281	1,559,413
Accounts receivable	39,908	30,713
	1,732,189	1,590,126
Capital assets (Note 3)		
Cost	942,140	783,751
Less: Accumulated amortization	433,434	334,217
	508,706	449,534
	2,240,895	2,039,660

LIABILITIES	1992	1991
	$	$
Current		
Accounts payable and accrued liabilities	154,588	172,168
Due to The St. Lawrence Seaway Authority	1,710,252	1,553,009
Deferred revenue	107,861	119,493
	1,972,701	1,844,670
Long-term		
Accrued employee termination benefits	206,723	178,990
Due to The St. Lawrence Seaway Authority (Note 4)	45,471	
Debentures payable (Note 5)	8,000	8,000
	260,194	186,990
	2,232,895	2,031,660
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized—an unlimited number of common shares		
Issued and fully paid—8 shares	8,000	8,000
	2,240,895	2,039,660

Approved by the Board:

G. R. STEWART
President and Director

STANFORD PARRIS
Vice-President and Director

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Revenues		
Tolls	3,913,566	3,504,690
Rentals	106,083	90,182
Interest	53,336	73,823
Other	5,802	5,015
	4,078,787	3,673,710
Expenses		
Salaries and employee benefits	1,424,118	1,337,692
Professional services	351,767	294,606
Maintenance, materials and services	326,829	254,208
Amortization	108,196	90,422
Employee termination benefits	30,925	29,628
Insurance	29,670	27,791
Advertising, telephone and office supplies	28,346	24,392
Electricity	22,280	21,143
Grants in lieu of municipal taxes	19,013	19,013
Travel	4,661	6,273
Interest and bank charges (Note 6)	2,619	6,328
Other	13,109	23,824
	2,361,533	2,135,320
Excess of revenues over expenses due as bridge user charge (Note 6)	1,717,254	1,538,390

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Operating activities		
Cash provided from operations		
Excess of revenues over expenses due as bridge user charge	1,717,254	1,538,390
Items not requiring cash		
Employee termination benefit accruals	30,925	29,628
Amortization	108,196	90,422
	1,856,375	1,658,440
Payments to The St. Lawrence Seaway Authority for bridge user charge	(1,538,390)	(262,174)
Payments of employee termination benefits	(3,192)	(120,909)
Change in non-cash working capital items	(14,557)	41,865
	300,236	1,317,222
Investing activities		
Additions to capital assets	(167,368)	(305,892)
Increase in cash	132,868	1,011,330
Cash and short-term deposits, beginning of the year	1,559,413	548,083
Cash and short-term deposits, end of the year	1,692,281	1,559,413
Working capital position at year-end		
Current assets	1,732,189	1,590,126
Current liabilities	1,972,701	1,844,670
	(240,512)	(254,544)

THE ST. LAWRENCE SEAWAY AUTHORITY—*Continued*

APPENDIX 2—*Continued*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. Authority and activities

The Seaway International Bridge Corporation, Ltd. is a Crown corporation pursuant to the *Financial Administration Act* and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, a parent Crown corporation named in Schedule III Part I of the aforementioned Act. The Corporation was incorporated under the *Canada Corporations Act* in 1962, continued under the *Canada Business Corporations Act*, and is subject to *The St. Lawrence Seaway Authority Act*. Its purpose is to operate and manage the international toll bridge system between Cornwall, Ontario, and Rooseveltown, New York, on behalf of The St. Lawrence Seaway Authority and its U.S. counterpart, the Saint Lawrence Seaway Development Corporation.

2. Accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of significant accounting policies follows:

Bridge user charge

As described in Note 6 to the financial statements, the Corporation is required to distribute, as a bridge user charge, its excess of revenues over expenses for the year. The current year excess is included in the "Due to The St. Lawrence Seaway Authority" amount on the balance sheet.

Distribution and amortization are dependent on the Corporation's ability to generate excess revenues. Accordingly, the unamortized balances of the total cost to The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, as set out in Note 6, are not recorded as a liability in the books of the Corporation.

Capital assets and amortization

Capital assets are recorded at cost. These costs include moveable and removable assets acquired to operate the bridge. The cost of the North Channel Bridge is recorded in the books of The St. Lawrence Seaway Authority. The cost of the South Channel Bridge is recorded in the books of The St. Lawrence Seaway Authority (32%) and the Saint Lawrence Seaway Development Corporation (68%).

Remedial works, borne by the Corporation, are improvements to the North Channel Bridge which are required for operational efficiency and major repairs and/or betterments incurred to assure its reliability. Major repairs and/or betterments incurred to assure the reliability of the South Channel Bridge are to be borne by The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation.

Amortization on these assets is based on their estimated useful life and is calculated on the straight-line method at the following annual rates:

Automotive	20%
Maintenance equipment	10% to 20%
Office and toll equipment	10% to 22.5%
Bridge equipment	5%

Amortization of work in progress projects, including remedial works, commences when capital improvements are completed.

Employee termination benefits

Employees are entitled to specified benefits on termination as provided for under the conditions of employment. The liability for these benefits is recorded in the accounts as the employees become entitled to the benefits.

Pension plan

Employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. These contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for indexation payments under the *Supplementary Retirement Benefits Act*.

Deferred revenue

Revenue from unredeemed toll tickets is deferred.

Employee life insurance plan

The Corporation provides a life insurance plan for its employees. Surpluses and deficits from the plan are included in revenues and/or expenses in the year in which they occur.

3. Capital assets

	1992			1991
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
Automotive	169,321	99,184	70,137	90,672
Maintenance equipment	162,116	90,182	71,934	28,542
Office and toll equipment	515,756	232,066	283,690	295,315
Bridge equipment	40,007	12,002	28,005	30,005
Work-in-progress	54,940		54,940	5,000
	942,140	433,434	508,706	449,534

THE ST. LAWRENCE SEAWAY AUTHORITY—*Concluded*

APPENDIX 2—*Concluded*

THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

4. Long-term payable due to The St. Lawrence Seaway Authority

An amount incurred during the year for capital improvements and included in capital assets has been withheld from the payments due to The St. Lawrence Seaway Authority as an annual bridge user charge. Payment of the outstanding amounts will be made as the capital asset is amortized. Interest is charged on the balance outstanding.

5. Debentures payable

These debentures, due on December 31, 2012, are non-interest bearing and payable to the Saint Lawrence Seaway Development Corporation.

6. Bridge user charge

By agreement between The St. Lawrence Seaway Authority and the Saint Lawrence Seaway Development Corporation, the annual excess of revenues over expenses of the Corporation is due as a bridge user charge; first, to the Authority to offset the amortization of the cost of the North Channel Bridge together with interest; then to the Saint Lawrence Seaway Development Corporation an amount up to $300,000 to offset the amortization of their contribution, if any, towards the cost of the Raquette River Bridge. Any balance is then divided equally between both parties.

All bridge user charges since the commencement of the Corporation's operations have been paid to The St. Lawrence Seaway Authority. At December 31, the unamortized balance of the total cost of the North Channel Bridge was as follows:

	1992	1991
	$	$
Cost of construction	8,539,695	8,539,695
Interest	2,569,652	2,569,652
	11,109,347	11,109,347
Less: Bridge user charges		
Beginning of year	8,027,136	6,488,746
Current year charge	1,717,254	1,538,390
End of year	9,744,390	8,027,136
Unamortized balance	1,364,957	3,082,211

There is no interest charged on the unamortized balance of the bridge user charge. However, interest is charged on any current year charge which is overdue. Interest charged on overdue balances was $2,619 in 1992 ($5,328 in 1991).

7. Bridge use

With the approval of the National Transportation Agency of Canada, the Corporation continues the practice of providing free usage of the bridge system to certain North American Indians. This represents a substantial portion of the Bridge traffic.

8. Related party transactions

In addition to the transactions disclosed elsewhere in these financial statements, administrative support and certain engineering services are provided by the St. Lawrence Seaway Authority. Administrative support services are provided free of charge. The charge for engineering services amounted to $62,911 for 1992 ($66,275 for 1991). The Corporation also enters into various other transactions with the Government of Canada, its agencies and other Crown corporations, in the normal course of business.

STANDARDS COUNCIL OF CANADA

REPORT OF MANAGEMENT'S RESPONSIBILITY

The accompanying financial statements and all information in the Annual Report are the responsibility of the Council and its officers. The financial statements were prepared by management in conformity with generally accepted accounting principles appropriate to Council's operations. The non-financial information provided in the Annual Report has been selected on the basis of its relevance to the Council's objectives.

Council maintains a system of financial and management controls and procedures designed to provide reasonable assurance that the transactions undertaken by the Council are appropriately authorized, that assets are safeguarded and that financial records are properly maintained to provide reliable financial statements. These controls and procedures are also designed to provide reasonable assurance that transactions are in accordance with the Council's objectives and within its mandate as stated in the *Standards Council of Canada Act*.

The Auditor General annually provides an independent, objective review of the financial records to determine if the financial statements report fairly the operating results and financial position of the Council in accordance with generally accepted accounting principles.

Council, through its Audit Committee, is responsible for reviewing management's financial and reporting practices in order to satisfy itself that these responsibilities are properly discharged by management. The Audit Committee, comprised solely of Council members, meets with management and the Auditor General to review the annual financial statements and reports on them to the Council.

Georges Archer
President

AUDITOR'S REPORT

TO THE MINISTER OF CONSUMER AND CORPORATE AFFAIRS

I have audited the balance sheet of Standards Council of Canada as at March 31, 1993 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Standards Council of Canada Act* and by-laws of the Council.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 28, 1993

BALANCE SHEET AS AT MARCH 31, 1993

ASSETS	1993	1992
	$	$
Current		
Cash	661,265	679,057
Accounts receivable		
Federal government departments	182,144	203,840
Other	512,297	358,299
Parliamentary appropriation receivable	631,268	815,670
Inventory of foreign standards	85,923	42,334
Prepaid expenses	265,634	243,171
	2,338,531	2,342,371
Capital		
Office furniture and equipment (Note 3)	256,849	249,535
	2,595,380	2,591,906

LIABILITIES	1993	1992
	$	$
Current		
Accounts payable and accrued liabilities	850,590	1,078,865
Customer and other deposits	45,353	82,241
Deferred revenue	140,637	53,612
	1,036,580	1,214,718
Long-term		
Provision for employee severance benefits	330,467	320,246
	1,367,047	1,534,964
EQUITY OF CANADA		
Retained earnings	1,228,333	1,056,942
	2,595,380	2,591,906

Approved by the Council:

GEORGES ARCHER
President

MICHAEL B. McSWEENEY
Executive Director

STANDARDS COUNCIL OF CANADA—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Expenses		
Salaries and employee benefits	3,560,943	3,311,419
Direct cost of standards sold	1,289,856	760,469
Memberships in international organizations	918,185	829,213
Travel	821,145	999,496
Publications and printing	693,934	669,974
Office accommodation	668,572	489,784
Professional and special services	266,217	282,629
Telecommunications and postage	257,236	267,109
Meetings	150,177	66,178
Amortization of office furniture and equipment	108,399	86,085
Public relations	95,161	105,655
Rental of office equipment	76,903	81,650
Office supplies	71,394	77,584
Exchange of national standards		233,500
Other	228,806	247,543
	9,206,928	8,508,288
Less: GATT Enquiry Point expenses recoverable from External Affairs Canada	438,875	477,430
Development assistance programmes expenses recoverable from Canadian International Development Agency (CIDA)		7,074
	8,768,053	8,023,784
Revenues		
Sales of standards	2,412,917	1,461,139
Accreditation fees	481,444	519,700
Interest income	28,360	43,756
Other	173,455	52,367
	3,096,176	2,076,962
Cost of operations	5,671,877	5,946,822
Parliamentary appropriation		
Consumer and Corporate Affairs Vote 35 (1992—Vote 40)	5,843,268	6,019,670
Excess of parliamentary appropriation over cost of operations for the year	171,391	72,848

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Operating activities		
Excess of parliamentary appropriation over cost of operations for the year	171,391	72,848
Items not requiring an outlay of cash		
Amortization of office furniture and equipment	108,399	86,085
Employee severance benefits accrued	57,665	57,368
	337,455	216,301
Payment of accrued employee severance benefits	(47,444)	(5,419)
Changes in current liabilities and current assets other than cash	(192,090)	5,578
Cash provided by operating activities	97,921	216,460
Investing activities		
Purchase of office furniture and equipment	(115,713)	(179,649)
Increase (decrease) in cash during the year	(17,792)	36,811
Cash at beginning of the year	679,057	642,246
Cash at end of the year	661,265	679,057

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1993

	1993	1992
	$	$
Balance at beginning of the year	1,056,942	984,094
Excess of parliamentary appropriation over cost of operations for the year	171,391	72,848
Balance at end of the year	1,228,333	1,056,942

STANDARDS COUNCIL OF CANADA—*Concluded*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1993

1. AUTHORITY, OBJECTIVES, AND PROGRAMMES

The Standards Council of Canada was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 to be the national coordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Council carries out its task through the National Standards System, a federation of accredited organizations concerned with standards writing, certification, testing, and quality systems registration.

The objectives of the Council are to foster and promote voluntary standardization in fields relating to the construction, manufacture, production, quality, performance, and safety of buildings, structures, manufactured articles, and products and other goods, and to further international cooperation in the field of standards.

The Council's activities and programmes are centred around six broad areas:

. Accrediting organizations in Canada and the United States involved in standards writing, certification, testing, and quality systems registration;
. representing Canada's interests internationally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Pacific-Area Standards Conference (PASC), and the Pan-American Standards Commission (COPANT);
. coordinating and approving the development of National Standards of Canada;
. serving as the focal point for enquiries on the subject of standardization for both domestic and international activities and standards;
. fostering and promoting the understanding, benefits, and usage of standards in all aspects of economic activity both nationally and internationally;
. serving as the repository and focal point for national and international standards for distribution to Canadian industry.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Office furniture and equipment

Office furniture and equipment are recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Furniture	5 years
Equipment	4 years

(b) Inventory

Inventory of foreign standards is valued at the lower of cost or replacement cost.

(c) Prepaid expenses

Annual membership fees paid to ISO and IEC for periods extending beyond the fiscal year are recorded as prepaid expenses.

(d) Recoverable expenses

Recoveries of expenses in respect of agreements for the operation of the GATT Enquiry Point and for development assistance programmes are recognized at the time the expenses are incurred.

(e) Revenues and deferred revenue

Revenues are recorded on an accrual basis in the year in which they are earned. Amounts invoiced for accreditation services which have not been rendered are deferred and the revenue recorded as the services are provided.

(f) Parliamentary appropriation

Parliamentary appropriation is recorded on an accrual basis in the year in which the corresponding expenses are incurred but is drawn upon only as cash disbursements are made.

(g) Employee severance benefits

Employees are entitled to specified benefits on termination as provided for under terms and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(h) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Council's contributions to the plan are limited to matching the employee's contributions for current service. These contributions are expensed during the year in which services are rendered and represent the total pension obligations of the Council.

3. OFFICE FURNITURE AND EQUIPMENT

	March 31, 1993			March 31, 1992
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Office furniture	206,793	156,019	50,774	69,307
Office equipment	763,115	557,040	206,075	180,228
	969,908	713,059	256,849	249,535

4. LEASE COMMITMENT

The Council is leasing office space for a ten year term which expires in May 2002. The future minimum annual rental under this agreement, exclusive of operating and realty tax expense, is $410,810 for years one to five, and $416,008 for years six to ten.

5. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business.

TELEGLOBE CANADA

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of Teleglobe Canada as at December 31, 1992 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Teleglobe Canada Act* and regulations, the by-laws of the corporation and the *Teleglobe Canada Reorganization and Divestiture Act*.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
February 4, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992

ASSETS	1992	1991	LIABILITIES	1992	1991
	$	$		$	$
Current			Current		
Cash and temporary investments, at cost	267,050	277,045	Accounts payable	3,335	7,700
Accrued interest	353	2,025			
Income tax recoverable	9,482	9,080	EQUITY OF CANADA		
			Retained earnings	273,550	280,450
	276,885	288,150		276,885	288,150

Approved by the Board:

JACQUES DE COURVILLE NICOL
Director

RONALD MONTCALM
Director

TELEGLOBE CANADA—*Concluded*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Interest income	17,022	23,658
Administration expenses	28,450	36,455
Loss before income tax recovery	(11,428)	(12,797)
Income tax recovery	4,528	5,009
Net loss	(6,900)	(7,788)
Retained earnings at beginning of year	280,450	288,238
Retained earnings at end of year	273,550	280,450

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1992

	1992	1991
	$	$
Cash used in operations		
Net loss	(6,900)	(7,788)
Change in non-cash working capital items	(3,095)	(16,625)
	(9,995)	(24,413)
Cash and temporary investments		
Decrease	(9,995)	(24,413)
Balance at beginning of year	277,045	301,458
Balance at end of year	267,050	277,045

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1992

1. Authority and activities

Teleglobe Canada is a Crown corporation created by the *Teleglobe Canada Act* and named in Part II of Schedule III to the *Financial Administration Act*. The corporation is subject to federal income tax.

Since the sale of its assets to Memotec Data Inc. (now Teleglobe Inc.) on April 3, 1987, following the adoption of the *Teleglobe Canada Reorganization and Divestiture Act*, the corporation's activities consist of the management of its cash resources and the performance of other duties and functions leading to dissolution which is expected to occur during 1993. The foregoing Act stipulates that on dates to be fixed by proclamation, the corporation's name will be changed to TH (1987) and it will be wound up.

2. Guarantee

As at December 31, 1992, the corporation is guarantor of an obligation in the amount of 1,963,117 pounds sterling, expiring on May 16, 1993, of Teleglobe Canada Inc., towards one of its suppliers. Based on the exchange rate at December 31, 1992, this amount represents 3,768,596 Canadian dollars.

VANCOUVER PORT CORPORATION

AUDITORS' REPORT

TO THE HONOURABLE JEAN CORBEIL, P.C., M.P.
MINISTER OF TRANSPORT

We have audited the balance sheet of Vancouver Port Corporation as at December 31, 1992 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, and the charter and by-laws of the Corporation.

Peat Marwick Thorne
Chartered Accountants

Vancouver, Canada
February 26, 1993

BALANCE SHEET AS AT DECEMBER 31, 1992
(in thousands of dollars)

ASSETS	1992	1991 (Restated-Note 2)
Current assets		
Cash	1,339	980
Investments (Note 3)	96,204	95,811
Accounts receivable	13,205	11,687
Materials and supplies	352	361
	111,100	108,839
Long-term receivables (Note 4)	12,793	6,698
Property and equipment (Note 5)	204,518	201,605
	328,411	317,142

LIABILITIES	1992	1991 (Restated-Note 2)
Current liabilities		
Accounts payable and accrued liabilities	6,683	7,695
Grants in lieu of municipal taxes	5,567	9,439
Deferred revenues	4,212	3,401
	16,462	20,535
Accrued employee benefits	1,463	1,463
Loan from Canada (Note 6)	2,704	2,990
	20,629	24,988
EQUITY OF CANADA		
Contributed capital	88,273	88,273
Retained earnings	219,509	203,881
	307,782	292,154
Contingencies (Note 7)		
Commitments (Note 9)		
Subsequent event (Note 10)		
	328,411	317,142

See accompanying notes.

On behalf of the Board:

PATRICK REID
Chairman of the Board

LYALL D. KNOTT
Director

VANCOUVER PORT CORPORATION—*Continued*

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991 (Restated-Note 2)
Operating revenue	57,650	61,089
Expenses:		
Operating and administrative expenses	27,011	27,656
Grants in lieu of municipal taxes	6,430	6,278
Depreciation	7,549	8,439
	40,990	42,373
Income from operations	16,660	18,716
Investment income	6,872	8,247
Interest expense	(244)	(263)
	6,628	7,984
Net income	23,288	26,700
Retained earnings, beginning of year, as previously reported	206,203	185,900
Restatement of prior year's figures (Note 2)	(2,322)	
Retained earnings, beginning of year, as restated	203,881	185,900
	227,169	212,600
Dividend payment to Canada	(7,660)	(8,719)
Retained earnings, end of year	219,509	203,881

See accompanying notes.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1992
(in thousands of dollars)

	1992	1991 (Restated-Note 2)
Cash provided by (used for):		
Operations:		
Net income	23,288	26,700
Items not involving cash:		
Depreciation	7,549	8,439
Other	31	101
Changes in non-cash operating working capital	(5,582)	(10,788)
	25,286	24,452
Financing:		
Loan from Canada currently payable	(286)	(266)
Long-term receivables	(6,260)	(480)
Dividend payment to Canada	(7,660)	(8,719)
	(14,206)	(9,465)
Investments:		
Additions to property and equipment (net)	(10,328)	(7,894)
Other		46
	(10,328)	(7,848)
Increase in cash and investments	752	7,139
Cash and investments, beginning of year	96,791	89,652
Cash and investments, end of year	97,543	96,791

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1992

LOCAL PORT CORPORATION

The Vancouver Port Corporation was established on July 1, 1983 as a local port corporation pursuant to the *Canada Ports Corporation Act*. The Corporation is exempt from income taxes.

The Corporation's mission is "to facilitate the efficient movement of maritime exports and imports through the Port of Vancouver in the best interests of Canadians, and, in so doing, provide a gateway to world trade—in particular the Pacific Rim—which customers are eager to use and which has wide public support".

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and consistently applied. A summary of the significant accounting policies of the Corporation is as follows:

(a) Property and equipment:

Property and equipment are recorded at cost. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Assets	Rate
Dredging	15 to 40 years
Berthing structures, buildings, roads and surfaces	10 to 40 years
Utilities	10 to 33 years
Machinery and equipment	1 to 20 years
Office furniture and equipment	3 to 5 years

(b) Pension costs:

All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. Although the Plan is a defined benefit plan, the contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

(c) Grants in lieu of municipal taxes:

Grants in lieu of municipal taxes are estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. After the amounts have been audited by the Municipal Grants Division of Public Works Canada, any adjustments upon finalization are reflected in the accounts in the period of settlement.

(d) Employee benefits:

The Corporation accrues estimated liabilities for severance pay and annual leave. These benefits are provided under collective agreements and corporate policy.

2. RESTATEMENT OF PRIOR YEAR'S FIGURES

The Corporation has decided to restate the 1991 financial statements to reverse an accrual for grants in lieu of municipal taxes. This adjustment has been applied retroactively and has reduced amounts previously reported for long-term receivables by $1,575,000 and income and retained earnings by $2,322,000 and increased grants in lieu of taxes payable by $747,000.

VANCOUVER PORT CORPORATION—*Continued*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Continued*

3. INVESTMENTS

Current investments are in Government of Canada treasury bills and at December 31, 1992 and 1991 the market value of the treasury bills approximated carrying value.

4. LONG-TERM RECEIVABLES

	1992	1991
	(in thousands of dollars)	
		(Restated-Note 2)
Long-term agreement for sale of three cranes, bearing interest at 9% per annum receivable in blended annual instalments of $648,767 maturing December 15, 2012, guaranteed by a security agreement dated December 15, 1992	6,000	
Less current portion	(113)	
	5,887	
Non-interest-bearing agreement with B.C. Rail, due as and when rail trackage is constructed on Roberts Bank causeway or April 1, 1994, whichever is earlier	3,947	3,947
Long-term agreement for sale of No. 1 Elevator, bearing interest at 6 5/8% per annum, receivable in blended annual instalments of $462,916, maturing December 31, 1996	1,581	1,917
Less current portion	(358)	(336)
	1,223	1,581
Long-term agreement for sale of No. 3 Elevator, bearing interest at 5 3/4% per annum, receivable in annual instalments of $117,720 plus interest, maturing August 1, 1994	236	353
Less current portion	(118)	(117)
	118	236
Advances for fire protection services	1,359	675
Other	259	259
	12,793	6,698

Current portion is reflected in accounts receivable.

5. PROPERTY AND EQUIPMENT

	1992			1991
	Cost	Accumulated depreciation	Net book value	Net book value
	(in thousands of dollars)			
Land	79,755		79,755	77,534
Dredging	366	237	129	141
Berthing structures	66,838	29,858	36,980	33,394
Buildings	49,888	13,674	36,214	36,165
Utilities	18,941	8,213	10,728	8,415
Roads and surfaces	35,384	23,494	11,890	12,596
Machinery and equipment	30,283	11,312	18,971	26,050
Office furniture and equipment	4,059	2,843	1,216	1,142
Projects under construction	8,635		8,635	6,168
	294,149	89,631	204,518	201,605

6. LOAN FROM CANADA

	1992	1991
	(in thousands of dollars)	
Interest-bearing loan at 7.5%, repayable in blended annual instalments, maturing December 31, 2000	2,990	3,256
Less current portion (included with accounts payable)	(286)	(266)
	2,704	2,990

Principal repayment requirements over the next five years are as follows:

	(in thousands of dollars)
1992	286,000
1993	308,000
1994	331,000
1995	355,000
1996	382,000
	1,662,000

VANCOUVER PORT CORPORATION—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992—*Concluded*

7. CONTINGENCIES

(a) At December 31, 1992, the Corporation had claims from municipalities for grants in lieu of taxes of approximately $20.4 million (1991: $17.8 million) greater than the amount accrued in the financial statements.

(b) Over a period of years, the Corporation has recorded revenues on certain leases which continue to be unresolved.

(c) There are estimated claims against the Corporation for approximately $9 million plus unspecified damages. In the opinion of the Corporation, the likelihood of these claims succeeding is not determinable. The effect, if any, of the ultimate resolution of these matters will be accounted for as a prior period adjustments when known.

8. RELATED PARTY TRANSACTIONS

In addition to the loan from Canada disclosed in Note 4, the Corporation paid $2,373,000 (1991—$2,055,000) to Canada Ports Corporation as its share of that Corporation's operating expenses.

9. COMMITMENTS

Contractual obligations for the completion, construction and purchase of property and equipment as at December 31, 1992 are estimated at $56.7 million.

10. SUBSEQUENT EVENT

Subsequent to December 31, 1992, the Corporation received a request to pay $30 million as a special dividend to the Government of Canada by March 31, 1993.

VIA RAIL CANADA INC.

MANAGEMENT REPORT

The management of the corporation is responsible for the preparation and integrity of the financial statements contained in the Annual Report. These statements have been prepared in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgement. Financial information used elsewhere in the annual report is consistent with that in the financial statements. Management considers that the statements present fairly the financial position of the corporation, the results of its operations and the changes in its financial position.

To fulfill its reponsibility, the corporation maintains systems of internal accounting controls, policies and procedures to ensure the reliability of financial information and to safeguard assets. The internal control systems and financial records are subject to reviews by internal auditors, the Auditor General of Canada and Raymond, Chabot, Martin, Paré during the audit of the financial statements.

The Audit Committee of the Board of Directors, consisting solely of outside Directors, meets periodically with the internal and external auditors and with management, to review the scope of the audit and to assess reports on audit work performed. The financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

R.E. Lawless
President and Chief Executive Officer

J.R. Paquette
Vice-President, Planning and Finance, and Treasurer

AUDITORS' REPORT

TO THE MINISTER OF TRANSPORT

We have audited the balance sheet of VIA Rail Canada Inc. as at December 31, 1992 and the statements of operations, reconciliation to operating funding from the Government of Canada, deficit, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the corporation that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and the articles and by-laws of the corporation.

L. Denis Desautels, FCA
Auditor General of Canada
(for the years ended
December 31, 1992 and 1991)

Ottawa, Canada

Raymond, Chabot, Martin, Paré
Chartered Accountants
(for the year ended
December 31, 1992)

Montreal, Canada
February 10, 1993

VIA RAIL CANADA INC.—*Continued*

BALANCE SHEET AS AT DECEMBER 31
(in thousands of dollars)

	1992	1991
Current assets		
Cash and term deposits	6,723	4,499
Accounts receivable	6,078	12,624
Receivable from the Government of Canada	113,947	149,286
Materials	22,906	30,479
	149,654	196,888
Long-term assets		
Cash appropriated for asset renewal (Note 3)	6,432	3,153
Investment, at cost (Note 4)	2,001	2,001
Properties (Note 5)	708,349	712,201
	716,782	717,355
	866,436	914,243

	1992	1991
Current liabilities		
Accounts payable and accrued liabilities	119,170	171,440
Deferred revenue	4,374	3,562
	123,544	175,002
Long-term liabilities		
Network restructuring (Note 6)	57,572	64,761
Deferred investment tax credits	8,701	9,530
	66,273	74,291
SHAREHOLDER'S EQUITY		
Share capital (Note 7)	9,300	9,300
Contributed surplus	744,946	746,311
Deficit	(77,627)	(90,661)
	676,619	664,950
	866,436	914,243

See accompanying notes to financial statements.

Signed on behalf of the Board,

M. BRAZZELL
Director and Chairman of the Audit Committee

MARC LEFRANÇOIS
Director and Chairman of the Board

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991
Revenue		
Passenger	148,189	144,371
Other	7,591	5,780
	155,780	150,151
Expense		
Operations and maintenance	283,253	281,720
Customer and support services	164,036	152,679
General and administrative	39,104	44,144
Network restructuring adjustment (Note 6)		17,461
Amortization	45,247	45,025
	531,640	541,029
Excess of expense over revenue before income taxes and funding from the Government of Canada	375,860	390,878
Income taxes	1,382	404
	377,242	391,282
Funding from the Government of Canada:		
Operating	331,307	328,004
Network restructuring recovery	12,893	24,696
Excess of expense over revenue	33,042	38,582

See accompanying notes to financial statements.

STATEMENT OF RECONCILIATION TO OPERATING FUNDING FROM THE GOVERNMENT OF CANADA
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991
Excess of expense over revenue	(33,042)	(38,582)
Items not requiring (providing) current operating funds:		
Amortization and losses on properties	46,076	46,103
Network restructuring recovery	(12,893)	(24,696)
Network restructuring adjustment		17,461
	33,183	38,868
Operating funding surplus for the year	141	286

See accompanying notes to financial statements.

STATEMENT OF DEFICIT
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991
Balance at beginning of the year	90,661	98,217
Excess of expense over revenue	33,042	38,582
Transfer from contributed surplus:		
Non-cash transactions on properties (1990—$ 41,465)	(46,076)	(46,138)
Balance at end of the year	77,627	90,661

See accompanying notes to financial statements.

STATEMENT OF CONTRIBUTED SURPLUS
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991
Balance at beginning of the year	746,311	752,346
Capital funding from the Government of Canada	44,711	40,103
Transfer to deficit:		
Non-cash transactions on properties (1990—$ 41,465)	(46,076)	(46,138)
Balance at end of the year	744,946	746,311

See accompanying notes to financial statements.

VIA RAIL CANADA INC.—*Continued*

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31
(in thousands of dollars)

	1992	1991
Cash provided by (used in) operating activities		
Excess of expense over revenue	(33,042)	(38,582)
Non-cash charges (credits) to operations:		
Amortization of properties	46,076	46,138
Amortization of investment tax credits	(829)	(1,113)
Changes in working capital items:		
Accounts receivable	6,546	(7,284)
Receivable from the Government of Canada	26,050	18,800
Materials	7,573	10,128
Accounts payable and accrued liabilities	(40,860)	(30,166)
Deferred revenue	812	80
Long-term liabilities:		
Network restructuring	(7,189)	4,378
	5,137	2,379
Cash provided by (used in) financing activities		
Capital funding from the Government of Canada	44,711	40,103
Changes in amount receivable from the Government of Canada	9,289	(10,603)
	54,000	29,500
Cash provided by (used in) investment activities		
Cash appropriated for asset renewal	(3,279)	(719)
Properties	(44,711)	(40,103)
Proceeds from sale of surplus properties	2,487	268
Changes in accounts payable and accrued liabilities	(11,410)	7,723
	(56,913)	(32,831)
Cash and term deposits		
Increase (decrease) during the year	2,224	(952)
Balance at beginning of the year	4,499	5,451
Balance at end of the year	6,723	4,499
Represented by:		
Cash (outstanding cheques)	2,679	(1,085)
Term deposits	4,044	5,584
	6,723	4,499

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992

1. Authority and objectives

VIA Rail Canada Inc. is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. It was incorporated in 1977 under the *Canada Business Corporations Act*. The corporation's mission is to manage and provide safe, efficient, effective and economic rail passenger services in Canada to meet the needs of the travelling public. It uses the roadway infrastructure of other railway companies which also assure the control of train operations.

The corporation is not an agent of Her Majesty. It is subject to the *Income Tax Act* (Canada) and those of certain provinces.

2. Accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. The significant accounting policies followed by the corporation are summarized as follows:

(a) Funding from the Government of Canada

Operating funding, which pertains to services, activities and other undertakings of the corporation for the management and operation of railway passenger services in Canada, is recorded in the statement of operations. The amounts are determined on the basis of operating costs less commercial revenues excluding non-cash transactions relating to properties and network restructuring, and are based on operating budgets approved by the Government of Canada for each year. Operating results are reconciled to operating funding in the statement of reconciliation to operating funding from the Government of Canada.

Funding to cover the costs of the network restructuring is recorded as a recovery in the statement of operations in the year in which the disbursements are made.

Funding received as financing for capital expenditures is recorded as contributed surplus.

(b) Charges under train service agreements

Effective January 15, 1990, the corporation entered into train service agreements and other agreements with Canadian Pacific Limited for the use of tracks and train personnel, control of train operations and rolling stock maintenance. It also entered into a train service and other agreements with Canadian National Railway effective January 1, 1989, to cover services provided by the latter. Charges under these agreements are not subject to adjustment by the National Transportation Agency.

Prior to these agreements, the corporation had an operating agreement with each of Canadian Pacific Limited and Canadian National Railway. The terms of these agreements are still in effect with respect to certain station facilities and ancillary services not yet covered by specific successor agreements. Charges under these operating agreements are subject to adjustment by the National Transportation Agency following a determination of the actual costs incurred each year, using railway costing methodology approved by the National Transportation Agency. Charges for the years 1989, 1990, 1991 and 1992 have not yet been finalized.

Charges under these agreements are recorded on an incurred basis.

VIA RAIL CANADA INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

(c) Materials

Materials are valued at weighted average cost.

(d) Properties

Properties acquired from other railway companies at the start of operations in 1978 were recorded at the net transfer values. Subsequent additions, including those acquired under capital leases, are recorded at cost.

The costs of refurbishing and rebuilding rolling stock and costs associated with other property upgrading are capitalized if they are incurred to improve the service values or extend the useful lives of the properties concerned; otherwise, they are expensed as incurred.

(e) Amortization of properties

Amortization of properties is calculated on a straight-line basis at rates sufficient to write off the cost of properties, less their residual value, over their estimated useful lives. The estimated useful lives for significant classes of properties are as follows:

Rolling stock	12 to 30 years
Maintenance buildings	25 years
Stations and Facilities	20 years
Infrastructure improvements	5 to 38 years
Leasehold improvements	5 to 20 years
Machinery and Equipment	4 to 15 years
Office furniture and Equipment	3 to 10 years
Information systems and Other	3 years

No amortization is provided for projects in progress and retired rolling stock.

(f) Leases

Properties recorded under capital leases are amortized on a straight-line basis over the terms of the leases, which are representative of their useful lives.

Rental payments under operating leases are expensed as incurred.

(g) Income taxes

Funding from the Government of Canada provided to the corporation to cover operating costs is determined on the basis of current needs. For this reason, income taxes are accounted for on the taxes payable basis as there is a reasonable expectation that all taxes payable in future years will be included in the approved formula for reimbursement and will be recoverable at that time.

(h) Deferred investment tax credits

Investment tax credits are deferred and amortized over the estimated useful lives of the related properties. The amortization of deferred investment tax credits is recorded as a reduction of the amortization of properties.

(i) Pension plans

The corporation has several defined benefit pension plans, based on retirement age, compensation and length of service, covering all its permanent employees.

The cost to the corporation is determined by actuarial valuations which allocate to each year, the accrued portion of the benefits based on projections of employees' compensation levels to the time of their retirement, prorated on employees' years of service.

Pension expense (Note 9) includes the cost of benefits attributable to services rendered during the current year, the amortization of any unfunded liability in respect of past services and the amortization of experience gains and losses. These amortizations are calculated over the expected average remaining service lives of the active employee groups.

(j) Employee termination and special benefits

The cost of employee termination and special benefits provided for under labour agreements and special programmes is expensed in the year in which they are granted.

3. Cash appropriated for asset renewal

The corporation has been authorized by the Treasury Board to segregate proceeds from the sale of surplus assets in a manner which ensures that these funds are retained for future capital projects. The corporation is planning to invest these funds in support of the corridor equipment renewal proposal.

4. Investment

The corporation owns 4% of the common shares of Railroad Association Insurance, Ltd. (R.A.I.L.) for the purpose of maintaining a reinsurance facility. The book value of the shares, according to the financial statements of R.A.I.L. as at November 30, 1992, was $7.2 million (1991—$5.6 million).

VIA RAIL CANADA INC.—*Continued*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Continued*

5. Properties

	1992			1991		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
			(in millions of dollars)			
Land	2.9		2.9	2.8		2.8
Rolling stock	523.6	203.0	320.6	500.1	182.5	317.6
Maintenance buildings	215.5	59.0	156.5	215.1	50.9	164.2
Stations and Facilities	21.3	5.0	16.3	19.2	4.0	15.2
Infrastructure improvements	87.0	16.1	70.9	78.6	13.9	64.7
Leasehold improvements	76.1	32.8	43.3	75.0	28.5	46.5
Machinery and Equipment	27.5	14.5	13.0	22.8	12.5	10.3
Office furniture and Equipment	33.9	27.4	6.5	28.7	24.3	4.4
Information systems and Other	54.7	50.7	4.0	53.6	49.4	4.2
	1,042.5	408.5	634.0	995.9	366.0	629.9
Projects in progress			69.9			76.5
Retired rolling stock			4.4			5.8
			708.3			712.2

At December 31, 1992, the gross value of assets under capital leases included above was $5.8 million (1991—$5.8 million) and related accumulated amortization thereon amounted to $3.3 million (1991—$3.1 million).

Projects in progress primarily consist of equipment renewal and station projects.

6. Network restructuring

On October 4, 1989, the corporation approved a plan for the restructuring of its transportation network whereby its operations were significantly reduced effective January 15, 1990. Employee terminations and reassignments took place mainly in 1990 with certain initiatives to take place in future years.

The network restructuring expense estimated in 1989 at $237.3 million was revised to $239.9 million in 1991 and 1992.

The major cost categories of network restructuring are:

(a) severance payments and employment security benefits governed by labour agreements and special programmes which may extend over several years;

(b) surplus properties that have been written down to their estimated salvage value and are being disposed of; and

(c) lease cancellation penalties, inventory provisions and other costs.

7. Share capital

The authorized share capital of the corporation is comprised of an unlimited number of common shares of no par value. As at December 31, 1992 and 1991, 93,000 shares at $100 per share are issued and fully paid.

8. Commitments

(a) The future minimum rental payments relating to operating leases mainly for real estate, computer equipment and services are as follows:

	(in millions of dollars)
1993	12.6
1994	13.3
1995	10.0
1996	9.9
1997	9.9
Subsequent years up to 2034	215.3
	271.0

(b) There are no obligations under capital leases as lease payments applicable to the initial terms were paid in lump sums at the inception of the leases.

(c) As at December 31, 1992, the corporation has outstanding commitments amounting to $27.2 million (1991—$79.8 million), mainly in respect of upgrading rolling stock and equipment.

9. Pension plans

The latest actuarial valuations of the pension plans were carried out as at December 31, 1990 by external actuaries who are members of the Canadian Institute of Actuaries. Based on these valuations and actuarial projections made for 1991 and 1992, the accumulated plan benefits as at December 31, 1992 are $759 million, which include $38 million of unfunded benefits. The net assets available to provide for these benefits at related market values as at that date amount to $721 million.

VIA RAIL CANADA INC.—*Concluded*

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1992—*Concluded*

Using the method identified in the pension plans accounting policy (Note 2 i), the pension expense for 1992 was $16.9 million (1991—$15.7 million) and includes amortization of past service costs and experience gains and losses. These amounts are being amortized on a straight-line basis over a period of 15 years.

10. Related party transactions

The corporation received the following funding from the Government of Canada:

	1992	1991
	(in millions of dollars)	
Operating	331.3	328.0
Network restructuring recovery	12.9	24.7
	344.2	352.7
Capital	44.7	40.1
	388.9	392.8

In the normal course of business, transactions with other Crown corporations amounted to:

	1992	1991
	(in millions of dollars)	
Revenue	6.2	6.0
Operating expense	74.0	72.6
Capital expenditures	13.6	14.5
Balance payable at the end of the year	28.2	44.2

In addition to these related party transactions and those disclosed elsewhere in the financial statements, the corporation is related in terms of common ownership to all Government of Canada created departments and agencies. The corporation enters into transactions with these entities in the normal course of business.

11. Contingencies

In the ordinary course of business, various claims and lawsuits have been brought against the corporation. It is the opinion of management that the settlement of these actions will not result in any material liabilities to the corporation beyond any amounts already provided.